easternhealth

ANNUAL REPORT 2018-2019

GREAT CARE, EVERYWHERE, EVERY TIME

OUR VISION

GREAT CARE, EVERYWHERE, EVERY TIME

OUR MISSION

TOGETHER WE CARE, LEARN, DISCOVER AND INNOVATE

OUR VALUES

PATIENTS FIRST

KINDNESS

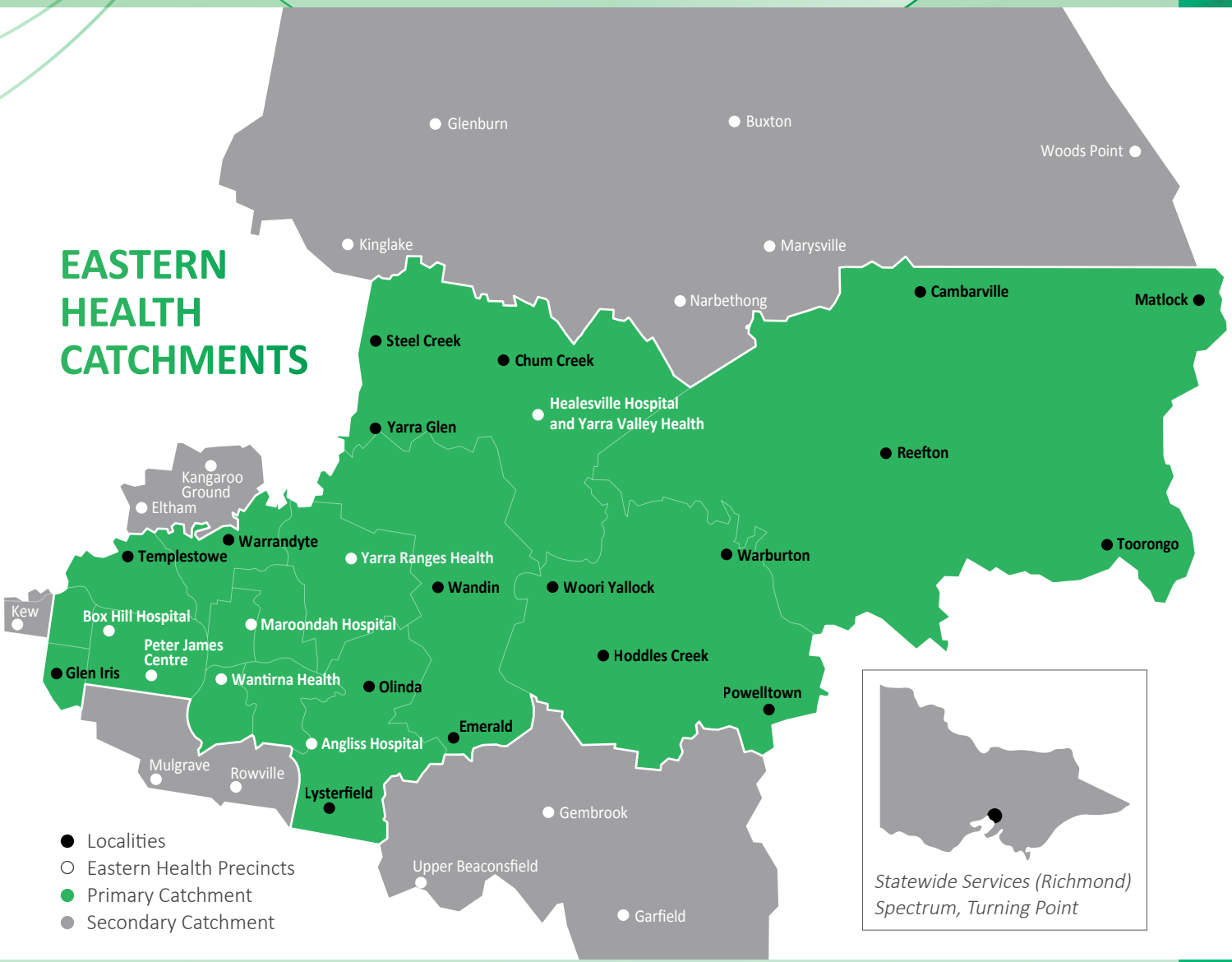
RESPECT

EXCELLENCE

AGILITY

HUMILITY

EASTERN HEALTH CATCHMENTS



Statewide Services (Richmond) Spectrum, Turning Point

Eastern Health acknowledges the traditional owners of the land upon which our health service is built, the Wurundjeri People, part of the Kulin Nation, and pays our respects to their Elders, past, present and emerging.

Since it was established in 2000, Eastern Health has played a key role in the provision of public health services in Melbourne's eastern and outer eastern suburbs. It works with community healthcare providers, such as general practitioners, community health services and affiliated healthcare agencies. Geographically, Eastern Health covers the municipalities of Boroondara, Knox, Manningham, Maroondah, Whitehorse and Yarra Ranges.

Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Eastern Health for the year ending 30 June 2019.

PROFESSOR ANDREW CONWAY
Chair
Eastern Health Risk and Audit Committee
8 August 2019

Manner of establishment

As a public health service established under section 181 of the *Health Services Act 1988* (Vic), Eastern Health reports to the Victorian Minister for Health and Minister for Ambulance Services, the Hon Jenny Mikakos MP, and the Victorian Minister for Mental Health, the Hon Martin Foley, through the Department of Health and Human Services. The functions of a public health service Board are outlined in the Act and include establishing, maintaining and monitoring the performance of systems to ensure the health service meets community needs.

The ***Annual Report 2018-19*** provides information about Eastern Health's sites, services, staff and operational achievements and challenges during the financial year.

This report should be read in conjunction with Eastern Health's other annual publications:

- ***Quality Account 2019,*** which reports Eastern Health's progress and achievements in providing safe, high-quality care.
- ***Turning Point 2019,*** which showcases the statewide service's extensive work in alcohol, other drugs and gambling research, treatment and education.

Eastern Health's publications are available on its website at **www.easternhealth.org.au**

The *Annual Report 2018-19* will be presented to the public at Eastern Health's annual meeting on 5 December 2019.

CONTENTS

OUR BOARD CHAIR AND CHIEF EXECUTIVE

IT HAS BEEN ANOTHER BIG YEAR FOR EASTERN HEALTH, AS WE CONTINUED TO PURSUE THE DIRECTIONS SET OUT IN THE *STRATEGIC PLAN 2017-2022* TO REALISE OUR VISION OF *GREAT CARE, EVERYWHERE, EVERY TIME.*

At the very heart of our values is our focus on our patients – patients first, ensuring that our patients and their families and carers are met with kindness, provided with excellent health care and that their views and preferences are sought and respected.

We are committed to working in partnership with our patients, carers and families, and recognise the importance of their input into their care.

Living our values

At Eastern Health, we are committed to creating a culture where ***people*** feel valued, respected and have opportunities to contribute in meaningful ways. We understand that in healthcare settings, people in our care can feel at their most vulnerable. This is why our values drive everything we do. Our staff and volunteers bring our values to life through their actions, decisions and behaviours.

In 2018-19, we participated in a number of campaigns that promote diversity and inclusiveness. Events such as our Closing the Health Gap Family Day, Harmony Week, Pride Cup, NAIDOC Week, International Day against Homophobia, Biphobia, Interphobia and Transphobia (IDAHOBIT), Cool to be Kind and What Matters to You Day are all highlights of the annual calendar and we are proud to see the engagement of our staff and the wider community grow each year.

Delivering safe, high-quality care and services to support our community to better health

In 2018-19, Eastern Health's services continued to grow as did the number of people accessing treatment and care. With more than 1.35 million episodes of patient care (up 1.7 per cent), our staff continually responded to the challenges and sought new and innovative ways to improve the patient experience.

Eastern Health has undertaken even more surgery than in previous years, with 40,350 procedures in 2018-19 (up by 6 per cent on the previous year).

Services across all areas continued to experience rising demand, with our emergency departments seeing 169,465 presentations (up by 0.3 per cent on the previous year) and specialist clinics also in high demand with 17,583 more appointments compared to 2017-18 (282,690 appointments in total – up 6.6 per cent).

There are many reasons for increased demand on health services however, it cannot be ignored that winter continues to provide extreme challenges. Alarming levels of flu in our community has placed pressure on health services this year, which is why we have continued to focus on informing the community about preventative measures.

Our Flu Fighter campaign promotes the importance of our staff being vaccinated against influenza, and in 2018-19 we saw an increased number of staff being immunised (80 per cent – up by 2 per cent on the previous year) to protect themselves and their patients *(see page 30).*

Our four Residential Aged Care Services (RACS) successfully completed a two-day reaccreditation visit, gaining accreditation for the full three-year period until 2021. All four met 44 of the 44 outcomes and since received an unannounced support contact visit with no areas of concern identified.

The new Aged Care Quality and Safety Standards commenced on 1 July 2019, with greater emphasis on consumers reporting on their experience of care. Each RACS has prepared for this change through self-assessment and revision of clinical guidelines.

Following its opening in June 2018, our Enhanced Detoxification and Rehabilitation Unit (EDRU) has brought an improved model of care for clients to access a medically supported detoxification service, connected to short-stay residential withdrawal stabilisation service.

Located at Ward 1 East, Box Hill Hospital, the additional eight beds complement our existing 12-bed residential drug detoxification service at Wellington House.

"At Eastern Health, we are committed to creating a culture where people feel valued, respected and have opportunities to contribute in meaningful ways."

Eastern Health Board Chair Dr Joanna Flynn AM and Chief Executive Adjunct Professor David Plunkett.

This new service has been critical in managing clients with complex withdrawal presentations, who otherwise would have been sent to the emergency department for management and monitoring. This model of care complements existing alcohol and drug services and provides a "one stop shop" for its clients from intake to discharge.

Financial sustainability

Eastern Health will be delivering services on budget for 2018-19. The collective efforts of the Board, Executive, senior leaders and managers have been instrumental in achieving this outcome.

We have all worked hard to improve our financial sustainability while continuing to provide safe, high-quality care. This result is particularly pleasing when considering the significant increase in demand across the health service.

Leading in research and innovation

Research is a vital component of providing world-class healthcare, and in 2018-19 we made substantial progress with a number of significant projects that will provide wide-spread benefits for our community.

In 2018, Box Hill Hospital (Eastern Health) was the highest ranked Australian hospital and the second highest ranked Australian research organisation in the Times Higher Education global rankings of non-university and non-commercial research organisations, coming in at number 36 in global rankings, equal to the world-renowned Scripps Institute in the US. This ranking recognises the impact of Eastern Health's research-based citations.

Other highlights include the launch of the DC MedsRec trial in March, which is a community pharmacy-based service for patients discharged from Box Hill Hospital with four or more medicines, designed to help reduce the risk of harm from dangerous drug interactions. The service is an Australian Digital Health Agency (ADHA) pilot project, managed by Eastern Health in partnership with Monash University.

Recent research has also contributed to community outpatient health clinics slashing their waiting times using a model of patient care known as Specific Timely Appointment for Triage (STAT). The joint La Trobe University, Eastern Health and Department of Health and Human Services trial - supported by the National Health and Medical Research Council - resulted in thousands of outpatients spending significantly fewer days waiting to see a health professional.

Turning Point, in partnership with Monash University and Eastern Health Foundation, was awarded a $1.2 million grant from Google to develop a national suicide monitoring system over the next three years. The project will involve using artificial intelligence to assist with the coding of national ambulance suicide-related attendance data. *See page 48 for more information.*

Furthermore, in partnership with Beyond Blue, the Movember Foundation, Monash University and ambulance services around Australia, Eastern Health, through Turning Point, officially launched its three-year study findings into ambulance responses to men's mental health in May.

Participation in Royal Commissions

With the Australian Government's Royal Commission into Aged Care Quality and Safety and the Royal Commission into Victoria's Mental Health System currently underway, we are taking up the opportunity to help inform and shape the future of mental health and aged care for generations to come.

At Eastern Health we feel it is a significant responsibility to participate in the royal commissions, and one which we take seriously, respectfully and honestly. In participating in the royal commissions we will act responsibly and transparently in the interests of our patients and clients of today and of the future as well as our staff, families and carers. *See page 14 for our position statement.*

Continued on page 4

Electronic Medical Record

Following the EMR extension implementation at Box Hill Hospital in October 2017, we introduced additional EMR functionality with the implementation of FirstNet in our emergency departments at Angliss Hospital in November 2018 and Maroondah Hospital in April 2019.

At the same time, electronic pathology and radiology ordering was rolled out in these emergency departments to bring them into line with inpatient areas.

While it has been a steep learning curve to transition to this new way of working, it has standardised patients Electronic Medical Record used in our three emergency departments and delivered significant improvements for our patients in terms of safety, care and positive health outcomes.

Building for the future

There were a number of major building projects underway across Eastern Health in 2018-19.

Work commenced on the construction of a new multi-level car park at Maroondah Hospital. The new car park will have more than 500 spaces, significantly boosting car parking capacity for Eastern Health staff, volunteers, patients and visitors. The project is due for completion in late 2019.

Angliss Hospital's new Paediatric and Adult Short Stay Unit opened in July 2018, followed by the opening of the new intensive care unit in October. These state-of-the-art facilities are part of the $20 million critical care and short stay expansion at Angliss Hospital, bringing critical care services closer to home for many patients.

Construction works commenced in March 2019 to establish a new MRI and Nuclear Medicine service at Box Hill Hospital. This service is on track to open in late 2019. It will be owned and operated by Eastern Health and will improve access to these crucial services for people living in the eastern metropolitan region.

Board Departures and appointments

Eastern Health welcomed Ms Felicity Pantelidis and Mr Andrew Saunders as Board Directors in July 2018.

In January 2018, Mr Lance Wallace was appointed as the Minister for Health's Delegate to the Board of Directors for a term that expired in January 2019.

Dr Joanna Flynn AM was reappointed as Board Chair for a final 12-month term from 1 July 2018, and Mr Tass Mousaferiadis was reappointed from 1 July 2018. *See page 5 for more information.*

Looking forward

As we look back on all that we have achieved this year, we look forward to continuing to work with our staff, volunteers, stakeholders and the broader community to continue our vision to provide ***"great care, everywhere, every time."***

While health care is a fast-paced, challenging and complex environment, it provides outstanding opportunities to build a strong culture, to innovate and to work with and for our patients, families and carers to improve the health and wellbeing of our community.

DR JOANNA FLYNN AM
Chair
Eastern Health Board

ADJUNCT PROFESSOR DAVID PLUNKETT
Chief Executive
Eastern Health

In 2018, Box Hill Hospital (Eastern Health) was the highest ranked Australian hospital and the second highest ranked Australian research organisation in the Times Higher Education global rankings of on-university and non-commercial research organisations, coming in at number 36 in global rankings equal to the world-renowned Scripps Institute in the US."

NEW BEGINNINGS

Eastern Health Board Chair, Dr Joanna Flynn AM finished her ten-year term on the Eastern Health Board at the end of this financial year. Dr Flynn commenced as Board Chair in 2009 and is highly regarded for her knowledge and expertise within the healthcare sector. Eastern Health would like to acknowledge Dr Flynn's strong leadership and focus on providing the best care for our community.

Mr Tass Mousaferiadis has been appointed to the position of Eastern Health Board Chair, effective 1 July 2019. Mr Mousaferiadis has been an Eastern Health Board Director since 2015. He has extensive experience in health and social policy, program development, strategy and governance with the Victorian Government and the health and community sectors.

FINANCE COMMITTEE CHAIR AND CHIEF FINANCE OFFICER

Eastern Health Board Director and Finance Committee Chair, Ms Joanna Walker and Chief Finance Officer, Mr Geoff Cutter.

The Net Operating Result exceeded target

The Net Operating Result is the result which Eastern Health is monitored against in its Statement of Priorities with the Minister for Health for the 2018-19 financial year. This result is a surplus of $2.67 million, which is above target and benefited from a combination of growth funds to support increased services and close monitoring of staffing and consumable costs.

The main difference between the Net Result from Transactions and the Net Operating Result is the exclusion of depreciation and capital purpose income from Net Operating performance. A reconciliation of the Net Results from Transactions to the Net Operating Result is included on the next page.

Eastern Health's total comprehensive result for 2018-19 is a $342.587 million surplus, which takes into account other economic flows, capital purpose income, land and building revaluations and depreciation.

A significant contribution to this result is the $404 million change in Property, Plant and Equipment Revaluation Surplus. This is due to an independent revaluation of land and buildings completed at year end by the Valuer-General.

The Net Result from transactions for the year excluding revaluation surplus and other economic flows shows a loss of $44.3 million. This loss is due mainly to the depreciation expenses of $67.1 million not being offset by the capital purpose income of $20.1 million.

Continuing demand for services

Operating activity revenues excluding capital revenue grew by 6.4 per cent, and enabled the continued delivery of much-needed services to our community. All patient treatment areas met or exceeded 100 per cent of nominated funding targets for the year.

In a year with continued pressure to meet service demand, it was pleasing to limit the increase in our operating costs to 6.4 per cent, which significantly contributed to the delivery of the net operating surplus.

The main increase in expenditure was in employee costs (8 per cent) due to growth in acute inpatient activity and the full-year effect of pay increases through a number of enterprise bargaining agreements.

Managing staffing and consumable costs

Eastern Health's management team, as in prior years, prepared a comprehensive operating budget program for revenue and expenditure, accompanied by detailed activity schedules for monitoring bed management, specialist clinics and elective surgery.

Considerable effort was also directed at the identification of sustainable efficiencies, particularly in relation to workforce-related investment and reduction of non-salary costs. This was monitored across the organisation as part of an overall Economic Sustainability Strategy, and achieved 84 per cent of the target.

Monitoring of employee costs and provisions is closely checked by all areas, and assistance is provided by the Workforce Sustainability Unit to support managers in controlling their expenditure.

This is underpinned with very low unplanned absence, and the wellbeing of staff was supported with recreational annual leave taken at higher than budgeted levels.

Our cash position at the end of the financial year was $66 million, which is an improvement on last year by $25 million through better reporting and management of our cash. The improved cash position and our overall result provides a sound foundation for Eastern Health to continue delivering positive health experiences for people and communities in our region.

There were no other events after the Balance Sheet date, other than the change to the Eastern Health Board of Directors, *outlined on page 111.*

MS JOANNA WALKER
Chair
Finance Committee

MR GEOFF CUTTER
Chief Finance Officer
Eastern Health

"Eastern Health's total comprehensive result for 2018-19 is a $342.587 million surplus, which takes into account other economic flows, capital purpose income, land and building revaluations and depreciation."

Summary of financial results

	2019 $000	2018** $000	2017 $000	2016 $000	2015 $000
OPERATING RESULT*	**2,670**	**2,948**	**(8,439)**	**299**	**71**
Total revenue	1,100,184	1,070,401	1,008,430	933,199	880,049
Total expenses	1,144,460	1,080,896	1,038,198	955,856	881,954
Net result from transactions	(44,276)	(10,495)	(29,768)	(22,657)	(1,905)
Total other economic flows	(17,156)	(2,706)	(1,246)	(727)	-
NET RESULT	**(61,432)**	**(13,201)**	**(28,522)**	**(23,384)**	**(1,905)**
Total assets	1,435,015	1,033,253	950,222	945,025	931,240
Total liabilities	366,218	308,550	273,542	251,834	234,361
Net assets	1,068,797	724,703	676,680	693,191	696,879
TOTAL EQUITY	**1,068,797**	**724,703**	**676,680**	**693,191**	**696,879**

* *The Operating result is the result for which the health service is monitored in its Statement of Priorities*

** *Figures have been updated due to changes in accounting reporting*

Reconciliation between the *Net result from transactions* reported in the model to the *Operating result* as agreed in the Statement of Priorities

	2019 $000	2018 $000
NET OPERATING RESULT*	**2,670**	**2,948**
Capital and specific items		
Capital purpose income	20,124	55,599
Depreciation and amortisation	(67,070)	(69,042)
NET RESULT FROM TRANSACTIONS	**(44,276)**	**(10,495)**

* *The Net operating result is the result which the health service is monitored against in its Statement of Priorities*

2018-19 AT A GLANCE

Our performance

1,350,629
episodes of patient care – up **1.7%** or **23,161** more episodes

4870
babies born – up **1.5%** - one baby every 108 minutes

169,465
emergency department presentations – up **0.3%** – one person every 3.1 minutes

40,350
operations – a record **18,022** were elective surgeries

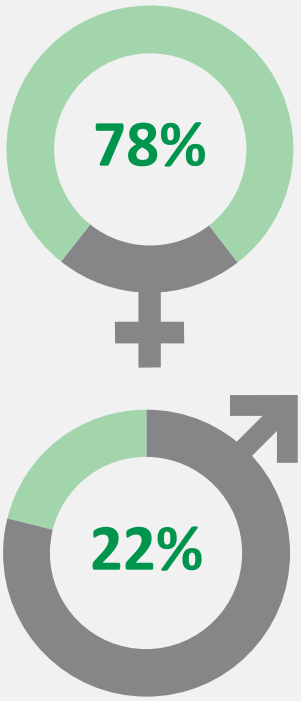
50,037
ambulance arrivals to our three emergency departments – up by **4.8%** – one ambulance every 10.5 minutes

4179
people admitted to our mental health inpatient units and **271,055** occasions of service provided by mental health community services

Average
83%
of ambulance patients transferred within 40 minutes

282,690
specialist clinic appointments – up **6.6%** or **17,583** more appointments

Our people



percentage of women and men in the workforce

Our community

790
volunteers contributed

189,600
hours of service

Our financial position

Net operating result
$2.67 million
surplus

Total revenue
$1.100 billion

Total expenses
$1.144 billion

Net assets
$1.069 billion

OUR STRATEGY

Eastern Health's *Strategic Plan 2017-2022* provides guidance for the current and future challenges of a growing and ageing population, a rapidly-changing digital environment and financial responsibility to live within our means.

Strategic initiatives

Healthcare excellence

- Great patient outcomes
- Great patient experiences
- Harm-free care

Leading in learning

- Great learner outcomes
- Great learning experiences
- A dynamic learning organisation

Leading in research and innovation

- Innovating for performance excellence
- Renowned for research
- Translating research evidence and innovation to enhance care

A values-based, safe workplace

- Safe workplace for all
- High-performing leaders
- Engaged and empowered people and teams

At Eastern Health, the term "great" symbolises not just the experience and outcome of care but also the systems of health care that support our staff and our patients to experience ***great care, everywhere, every time.*** This vision statement is embedded in our daily language to guide the work of our teams and represent the aspiration of our organisation.

Our mission encompasses the three business fields in which we operate every day. These are the delivery of healthcare services, education to those in, or aspiring to join, the healthcare workforce and research into health care and its delivery.

To deliver on our vision, Eastern Health focuses its efforts around four strategic initiatives and associated priority goals. These strategic initiatives have been determined after careful consideration of the environment in which we operate, the challenges we expect to face and the capabilities and opportunities we have.

Our values also represent Eastern Health's approach to driving healthcare excellence. By living these values every day the Eastern Health team will demonstrate ***"patients first".***

OUR VALUES

OUR VALUES REFLECT OUR UNDERSTANDING THAT HEALTH CARE IS ABOUT PEOPLE CARING FOR PEOPLE. THE WAY WE WORK TOGETHER IN HEALTHCARE TEAMS AND WITH PATIENTS, THEIR FAMILIES, CARERS AND OUR COMMUNITIES, REQUIRES US TO BE KIND, RESPECTFUL, AGILE AND HUMBLE, AND TO STRIVE FOR EXCELLENCE IN ALL THAT WE DO.

As we live these values each day, our work environments are characterised by respectful and supportive relationships between staff and with our patients and their families.

These values represent and describe the very heart of our organisation and what we stand for.

Eastern Health staff have identified the behaviours we will demonstrate for each value and for which we hold ourselves to account.

Patients First

- I place patients' needs and preferences at the centre of my work.
- I include the patient in all aspects of their care, seeking their input, keeping them informed and involved in regular communication.
- I take the time to get to know our patients and what matters to them.
- I communicate using plain language, ask open questions and paraphrase to check that I understand.
- I listen, I hear and I respond.

Kindness

- I am welcoming, I smile and am inviting in tone and body language.
- I prioritise making people feel comfortable.
- I am caring, thoughtful and patient.
- I say thank you and engage in supportive, meaningful conversations.
- I look for opportunities to demonstrate acts of kindness.
- I strive to meet a person's personal and clinical needs.

Respect

- I recognise the rights and dignity of patients, relatives, carers, colleagues and members of the community.
- I seek and take into account others' experiences and viewpoints.
- I have appropriate regard for my own worth.
- I acknowledge and respond to individual and group differences.
- I value the people I work with and the work they do.

Excellence

- I strive to be the best I can be.
- I prioritise safety and act safely.
- I deliver high standards of service and clinical practice.
- I seek, act on and provide constructive feedback.
- I embrace and promote best practice.
- I am curious, questioning and learning all the time.
- I go beyond what is expected.
- I come to work to make a difference.

Agility

- I have a "can do" attitude.
- I am always looking for smarter, better ways to do things.
- I am flexible and responsive to changing and different needs.
- I am willing to try something different.
- I think critically and respond rapidly.

Humility

- I am approachable and seek feedback.
- I am honest and own my mistakes.
- I leave my ego at the door and put myself in the patient's shoes.
- I do not think less of myself but I think of myself less.
- I model being a member of the team as much as being a leader.

Eastern Health has a number of enabling plans that drive achievement of our strategic intent. In June 2019 the Eastern Health Board approved our disAbility Action Plan, which we will use to reduce and remove barriers experienced by people with a disability, and our Healthcare Excellence Plan, which focuses on quality and patient safety. Development of our Reconciliation Action Plan is underway and expected to be completed later in 2019. *See page 24 for more information.*

Eastern Health provides a range of services for all ages. Pictured is Registered nurse, Mary Chiron from Box Hill Hospital's Ward 5.3 with patient Edward Hanslow and his mother, Glenda Hanslow, who were the faces of a campaign to prevent falls amongst paediatric patients in hospital.

To view Eastern Health's ***Strategic Plan 2017-22***, visit **www.easternhealth.org.au**

ABOUT US

- Caring for **788,260** people
- Services located across **2816** square kilometres – the largest geographical area of any metropolitan health service in Victoria
- **1507*** beds – **7** hospitals and **3** emergency departments
- Annual operating budget of **$1.1 billion**
- We have **9962** employees, **70 per cent** of whom live within the community we serve

*As at 30 June 2019. Bed numbers are subject to change depending on activity and demand.

Eastern Health delivers care across the continuum, from health promotion and disease prevention to interventions for some of the most complex conditions and critically unwell patients. We are able to do this effectively through the integration of clinical care with high-quality education and robust research. Our services are delivered from eight precincts and in some instances, directly into people's homes. Pictured is Box Hill Hospital social worker, Luke Backovic, who says he is proud to work with patients and their families, to connect them with the network of support when they need it most.

WHO WE ARE

EASTERN HEALTH IS ONE OF MELBOURNE'S LARGEST METROPOLITAN PUBLIC HEALTH SERVICES. WE PROVIDE A RANGE OF EMERGENCY, SURGICAL, MEDICAL AND GENERAL HEALTHCARE SERVICES, INCLUDING MATERNITY, PALLIATIVE CARE, MENTAL HEALTH, DRUG AND ALCOHOL, RESIDENTIAL CARE, COMMUNITY HEALTH AND STATEWIDE SPECIALIST SERVICES TO PEOPLE AND COMMUNITIES THAT ARE DIVERSE IN CULTURE, AGE, SOCIO-ECONOMIC STATUS, POPULATION AND HEALTHCARE NEEDS.

Eastern Health is committed to developing and delivering services that meet the needs and expectations of our diverse and growing community.
We invest a lot of time and effort to understand our community and how it changes over time.

There are 788,260* people who live within our primary catchment area *(see map on inside cover).*
We have 9962 employees, 70 per cent (or 6937) of whom live within the community we serve.

Cultural diversity in the eastern metropolitan region is higher than the Victorian average with 24.2 per cent of people born in a non-English speaking country. The largest proportions of these people were born in China 4.5 per cent, India 2.2 per cent, Malaysia 1.9 per cent and Italy 1.3 per cent, and 26.7 per cent speak a language other than English at home.

The most commonly spoken non-English languages are Mandarin, Cantonese, Greek, Italian and Vietnamese.

Yarra Ranges has a higher than Victorian average number of people who identify as Aboriginal or Torres Strait Islander while overall, the eastern metropolitan region has a proportion below the Victorian average (0.4 per cent locally compared with 0.8 per cent in Victoria).

It is estimated that 11 per cent of people in the area are of diverse sexual orientation, sex or gender identity and identify as lesbian, gay, bisexual, transgender and/or intersex.

Patients who come to Eastern Health seek care for a range of health conditions. Eighty-one per cent of admissions to our hospitals are people who live within our primary catchment area. The largest volume of admitted activity is for haemodialysis, which collectively accounts for one quarter of all patient admissions to Eastern Health.

Eastern Health experiences greater demand for its emergency, inpatient and ambulatory care services per 100,000 head of population than most other health services.

We are focused on delivering performance excellence in everything we do, across all aspects of care. We have an active education and research program, and strong affiliations with some of Australia's top universities and educational institutions.

** Source: Victoria in Future 2019*

Eastern Health Organisational Profile

LARGER SITES

- Angliss Hospital
- Box Hill Hospital
- Healesville Hospital and Yarra Valley Health
- Maroondah Hospital
- Peter James Centre
- Wantirna Health
- Yarra Ranges Health

STATEWIDE SERVICES

- Spectrum
- Turning Point

CORPORATE FUNCTIONS

- Information, Technology and Capital Projects
- Finance, Procurement and Corporate Services
- Fundraising, Legal Services and Corporate Governance
- People and Culture
- Learning and Teaching
- Quality, Planning and Innovation
- Research

45
clinical services
across nine programs

Clinical programs and services

Eastern Health organises its 45 clinical services into nine programs, as outlined in the table below. These services are delivered from eight precincts and in some instances, directly into people's homes. They are divided into two main areas of clinical operations – one that is largely focused around planned activity, including surgery, maternity and specialist (outpatient) clinics (SWMMS), and the other which is largely focused around unplanned activity, including emergency and acute inpatient care (ASPPPA). ***For more information about how these services are administered, please refer to the organisational structure on page 40.***

DIRECTORATE	CLINICAL PROGRAM	CLINICAL SERVICE GROUP	CLINICAL SUPPORT
Clinical Operations (ASPPPA) Acute and Aged Medicine, Specialty Medicine and Ambulatory Care, Pathology, Pharmacy, Patient Access and Allied Health	**Acute and Aged Medicine**	1 Emergency 2 General medicine 3 Geriatric medicine 4 Rehabilitation (inpatient) 5 Palliative care 6 Transition care 7 Residential aged care 8 Aged Care Assessment Service 9 Residential in-reach	• Allied Health • Patient Access
	Specialty Medicine and Ambulatory Care	10 Cancer services 11 Renal 12 Cardiology 13 Endocrinology 14 Gastroenterology 15 Haematology/haemostasis and thrombosis 16 Infectious diseases 17 Neurosciences 18 Respiratory 19 Rheumatology 20 Dermatology 21 Eastern@Home 22 Sub-acute clinics 23 Community health 24 Community rehabilitation 25 Aboriginal health	
	Pathology		
	Pharmacy		
Clinical Operations (SWMMS) Surgery, Women and Children and Acute Specialist Clinics, Mental Health, Medical Imaging and Statewide Services	**Surgery**	26 Anaesthetics 27 Breast and endocrine 28 Colorectal 29 Ear, nose and throat 30 General/paediatric 31 Orthopaedic 32 Plastic 33 Upper gastrointestinal/bariatric/thoracic 34 Urology 35 Vascular 36 Intensive care services	
	Women and Children and Acute Specialist Clinics	37 Obstetrics 38 Gynaecology 39 Paediatric and neonatology 40 Acute specialist clinics	
	Mental Health	41 Adult (community and rehabilitation) 42 Aged persons (triage and emergency) 43 Child and youth	
	Medical Imaging		
	Statewide Services	44 Spectrum 45 Turning Point	

To find out more about Eastern Health, visit our website at **www.easternhealth.org.au**

Eastern Health Chief Executive Adj Prof David Plunkett released this position statement in June 2019 to provide our staff, volunteers, patients and the community with an update on our involvement in Royal Commissions.

A privileged position in shaping the future of care

For those of us working in health care, there is a once in a generation opportunity to accelerate improvements in the care for some of the most vulnerable people in our community.

With the Royal Commission into Aged Care Quality and Safety and the Royal Commission into Victoria's Mental Health System currently underway, at Eastern Health, we are embracing the opportunity to help inform and shape the future of mental health and aged care services for generations to come by actively participating in the Royal Commissions and encouraging our staff, patients, residents and community to do the same.

The outcomes of the Royal Commissions have the potential to truly impact on the lives of everyday Australians. We feel it is a privilege to participate, and one which we take seriously, respectfully and honestly. We are committed to be fully cooperative and transparent in responding to requests of each of the Commissions and further demonstrate that through our systems, quality improvement activity and our people, we put our patients and residents first.

With an ageing population and one in five of us likely to experience a mental illness in our lifetime, it is now more important than ever to determine how we can make positive change for the future.

We hope that through our collective voices, we will help shape the future of care and services for people with mental illness and those older members of our community.

ADJUNCT PROFESSOR DAVID PLUNKETT
Chief Executive
Eastern Health

Eastern Health has four residential aged care facilities. Pictured from Monda Lodge in Healesville is Lifestyle Coordinator, Fil Di Bianco and resident Rita Dean.

OCCUPATIONAL HEALTH AND SAFETY

EASTERN HEALTH CONTINUES TO FOCUS ON CREATING A SAFE, VALUES-BASED WORKPLACE WHERE STAFF ARE SAFE, HEALTHY AND SUPPORTED AT WORK.

In July 2018 we commissioned an independent review of our Occupational Health, Safety and Wellbeing (OHSW) systems to identify opportunities for improvement.

This review included an analysis of our performance and interviews and workshops with staff to understand how we could improve safety and support them at work.

The focus areas identified were:

- Improving our governance of OHSW risks
- Supporting our leaders to enable them to keep their staff safe
- Focusing on areas of high risk – manual handling, occupational violence and aggression, and employee wellbeing.

These focus areas were incorporated into our People Strategy and led to the following improvements:

- A new OHSW Improvement Committee chaired by the Chief Executive and supported by three working groups focusing on our areas of high risk
- Implementation of a new OHSW Committee structure to improve engagement with Health and Safety Representatives. The OHSW Committees are chaired by the relevant Site or Program Director.
- Revised Executive and Senior Leadership OHSW reports aimed at changing the conversation around the management of OHSW risks
- A leadership development program with a focus on creating a positive safety culture
- A new emergency management training program for our site incident commanders developed in consultation with local emergency services
- A new approach to assessing the effectiveness of local emergency responses
- Updated and continued to implement actions from our occupational violence and aggression action plan, including additional body worn cameras, implementation of guidelines to improvement the management of behaviours
- Completion of a security audit at Eastern Health sites
- Upgrading of the security and duress system at the Peter James Centre
- Successful application to Department of Health and Human Services for Occupational Violence Prevention Funding to undertake building works to reduce the risk of injury to staff
- A continued focus on improving the safety of our staff who work in the community by purchasing additional duress alarms and developing community safety guidelines
- Revised Smart Moves training and education relating to the care of bariatric patients, including a "Care With Size" seminar with international experts
- Reviewed the management of dangerous goods and hazardous

Continued on page 16

Stephanie Clarke (pictured) is a senior physiotherapist at Angliss Community Rehabilitation.

Return to Work

Eastern Health continues to focus on supporting staff to return to work following a work-related injury or illness. Our approach has been a significant contributing factor to the 20 per cent reduction in our WorkCover premium compared to 2017-18.

	2016-17	2017-18	2018-19
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	23.71	32.73	29.96
Number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	0.89	0.66	0.54
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	$44,870.00	$95,012.00	$51,218.00
Accepted WorkCover claims with an OVA cause per 100 FTE	0.18	0.13	0.25
Number of accepted WorkCover claims with lost time injury with an OVA cause per 1,000,000 hours worked	0.81	0.70	1.08
Number of OVA incidents reported	560	683	731
Number of OVA incidents reported per 100 FTE	9.41	11.07	11.37
Percentage of OVA incidents resulting in a staff injury, illness or condition	12.5	10.25	11.08

Definitions

Accepted WorkCover claims

Claims that were lodged in 2018-19.

Incident

An event or circumstance that could have resulted in or did result in harm to an employee. Incidents of all severity ratings are included. Code Grey reporting is not included however, if an incident occurred during the course of a planned or unplanned Code Grey, the incident is included. *A Code Grey incident is one that involves a personal threat.*

Injury, illness or condition

This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Lost time

Defined as greater than one day.

Occupational violence

Any incident where an employee is abused, threatened or assaulted in circumstances arising out of or in the course of their employment.

OVA

Occupational Violence and Aggression.

OUR PERFORMANCE

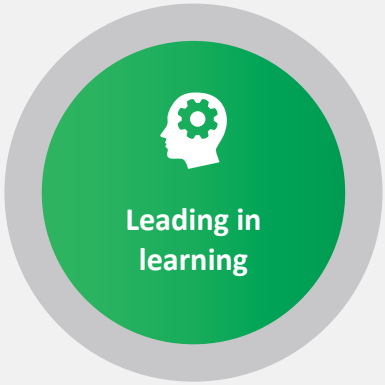
In 2018-19:

- A record total of **18,022** patients were admitted for elective surgery
- **85.3%** of workers immunised against influenza

Eastern Health is committed to providing high-quality care. In 2018-19, we experienced increased demand for our services yet continued to perform strongly in key areas of elective surgery and emergency access. We also delivered 4870 babies. Pictured is Amy Cheong, Consultant Specialist in Obstetrics and Gynaecology at Angliss Hospital.

STRATEGIC PRIORITIES

EASTERN HEALTH'S *STRATEGIC PLAN 2017-2022* HELPS US TO UNDERSTAND OUR VISION AND MISSION, AS WELL AS HOW WE ARE GOING TO DELIVER THEM. WE HAVE FOUR STRATEGIC INITIATIVES AND EACH INITIATIVE CONTAINS THREE PRIORITY GOALS.



Achieving our strategic priorities

Information on the following pages outlines key organisational improvement activities that are agreed between Eastern Health and the Victorian Minister for Health and Minister for Ambulance Services as a component of the Statement of Priorities each year.

They are consistent with Eastern Health's priorities, as identified within the Strategic Plan, and align with the government's priorities and policy directions.

The Statement of Priorities is an annual accountability agreement that sets out key performance expectations, targets and funding for the year, as well as government service priorities. These include the shared objectives of safe, high-quality service provision, ease of access and financial sustainability.

Key stakeholders

Eastern Health has a number of strategic partnerships with key stakeholders to help us achieve our strategic initiatives and priority goals, including:

- Our community, through a register of interested consumers and community representatives on a range of committees, including the Community Advisory Committee
- Victorian Department of Health and Human Services
- Other Victorian health services
- Community health services
- Eastern Melbourne Primary Health Network
- Universities and other training institutions
- Research organisations and funding bodies
- Local governments and other government agencies and authorities.

Performance excellence framework

Eastern Health is committed to achieving our strategic initiatives and organisational objectives, and utilises an agreed Performance Excellence Framework to ensure we remain focused on these strategic priorities.

Performance excellence occurs when individuals and teams understand and utilise all the elements of performance excellence in their everyday practice – organisational planning, enterprise risk management, performance standards, performance monitoring and performance improvement and innovation.

Improvement and innovation work occurs at the local (small), program (medium), site (medium), directorate (large) or organisation-wide (large) level and is undertaken using the Eastern Health Model for Improvement.

All improvements are documented on Improvement and Innovation Plans, which are monitored and reported on a quarterly basis.

Our Program Management Office supports the organisation to improve the visibility, governance, prioritisation and delivery of improvement projects across the organisation.

Eastern Health's performance against key government service priorities can also be found on the Department of Health and Human Services website at **www.dhhs.vic.gov.au**

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
		BETTER HEALTH	
• A system geared to prevention as much as treatment • Everyone understands their own health and risks • Illness is detected and managed early • Healthy neighbourhoods and communities encourage healthy lifestyles	• Reduce statewide risks • Build healthy neighbourhoods • Help people to stay healthy • Target health gaps	Implement identified actions for 2018-19 from the Closing the Gap Plan that include a particular focus on improving access to care and services across acute, subacute, mental health (including drug and alcohol) services for Aboriginal and Torres Strait Islander communities.	✓ Achieved The Closing the Health Gap Committee continued to implement agreed actions from the Closing the Health Gap Plan throughout the 2018-19 year. ***Outcomes achieved:*** • Organisation-wide Cultural Safety Training • Major event for NAIDOC week held at Wantirna Health July 2019 • Closing the Health Gap Sports Day at Healesville March 2019 • Connect with Respect newsletter implemented as a communication tool for Eastern Health staff and community • Continuation of and review of the Aboriginal Employment Plan • Progressed development of a Reconciliation Action Plan • Review of training requirements for all staff • Organisation-wide cultural and environmental audits • Development of an Aboriginal Health Standard and clinical guidelines • Development of monthly reporting to improve steering committeee oversight as to the effectiveness of strategies and initiatives • Celebration and acknowledgment of significant cultural events. Work will continue to progress in 2019-20 including: • Finalisation of Memoranda of Understanding with key partners • Peer audit for Cultural Safety

✓ Achieved ◔ Partially Achieved ✗ Not achieved

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
		Implement actions identified for year 3 of Eastern Health's action plan to progress the aims and initiatives identified in Victoria's 10 Year Mental Health Plan including a greater focus on prevention and delivering better services to achieve positive health outcomes.	Achieved Objectives for the 2018/19 work plan were identified to include the expansion of the perinatal emotional health service; implementation of stage 2 of the Family Violence Initiative; review of the Prevention and Recovery Care (PARC) model of care; expansion of community mental health service; and the establishment of an Academic Chair for Mental Health in collaboration with Monash University. ***Outcomes achieved:*** • Implementation of an expanded perinatal service • Commencement of Family Violence initiatives project officers and development of project plan • Achieved the annual DHHS performance targets for the 2018-19 year • Recruitment of additional staff to a range of PARC positions • Recruitment to community growth funding positions • Appointment of an Academic Chair who commenced in June 2019.

MEASURING OUR PERFORMANCE

One of the ways Eastern Health monitors its performance is through a scorecard.

This tracks the achievement of

160

key performance indicators,

of which

89

are reported to the Eastern Health Board.

These indicators are aligned with the strategic initiatives *(see page 9)*. Results against a number of these indicators are available at the frontline, where the data can be broken down into individual wards and departments. It is also aggregated to single scores for each strategic initiative an overall composite score, which is reported to the Board and Executive.

These measures are reviewed each year to ensure they continue to align with and drive continuous improvement.

Eastern Health's performance against key government service priorities can also be found on the Department of Health and Human Services website at **www.dhhs.vic.gov.au**

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
		Continue the implementation of priority areas in the Eastern Melbourne Primary Health Care Collaborative Primary Health Strategic Plan in partnership with community partners with a continued focus on chronic disease management.	Achieved The Eastern Melbourne Primary Health Care Collaborative (EMPHCC) continued to develop and implement identified priority areas in collaboration with community partners focusing on chronic disease management, in particular Chronic Obstructive Pulmonary Disease. ***Outcomes achieved:*** • New governance structure including the establishment of priority working groups • A stakeholder forum was held in August 2018 to build sector-wide capacity • Consultation with key sector stakeholders • A workshop in March 2019 resulted in the development of a shared vision for the provision of more integrated care. A futures triangle was discussed and the strategic landscape within which all healthcare organisations work was considered • Development of a pitch for the Better Care Victoria (BCV) grants within DHHS. The pitch was collaboratively prepared and tested prior to submission to DHHS. The topic was 'A Step Model for HARP clients' led by Inspiro. Unfortunately this grant submission was not successful. • An Executive Officer for the EMPHCC commenced in May 2019 • Eastern Health representatives attended Canterbury Health in New Zealand to investigate Integrated Care Systems, which has been identified as a high priority for the collaborative. Attendees were: Chief Executive; Executive Director Clinical Operations - Acute and Aged Medicine, Specialty Medicine and Ambulatory Care, Pathology, Pharmacy, Patient Access and Allied Health; Executive Clinical Director Ambulatory Care; General Practice Liaison Medical Officer.

Eastern Health uses social media as a tool to alert the community during periods of extremely high demand in our emergency departments. These posts have been well received by our staff and members of the public, with the posts often receiving the highest level of engagement compared to any other content. Posts include alternative options for people seeking care for non-emergencies. In 2018-19 the *We Are Busy* posts reached over 200,000 people and were shared more than 1,000 times. *To read more about how we use social media, see pages 28 and 53.*

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
		BETTER ACCESS	
• Care is always there when people need it • More access to care in the home and community • People are connected to the full range of care and support they need • There is equal access to care	• Plan and invest • Unlock innovation • Provide easier access • Ensure fair access	Complete the operational commissioning of Statewide Services' Alcohol and Other Drug beds to enhance services at Box Hill Hospital.	Achieved Successful implementation of 8 x Alcohol and Other Drug (AOD) beds at Box Hill Hospital and 12 x AOD beds at Wellington House, within the Box Hill precinct. Both sites were fully operational from August 2018.
		Complete the establishment of a comprehensive intensive care service and operational commissioning of Intensive Care Unit beds to enhance services at Angliss Hospital.	Achieved The Angliss Intensive Care Unit (ICU) was opened to patients in October 2018 both on time and on budget with 3 x ICU equivalent permanently staffed beds. The permanent staffing profile was further increased in January 2019 to increase capacity of the unit to 4 x ICU equivalent beds.
		Implement agreed actions associated with the Every Minute Matters Program to enhance patient access to care.	Achieved Eastern Health's 'Every Minute Matters Program' for 2018-19 has consisted of a number of different improvement programs aimed at improving patient access to care across the continuum of care. The focus for Quarter 2, 2018/19 was the 'Making A Positive Difference' program at Box Hill Hospital which was a 30 day sprint (a rapid improvement methodology) which concluded in November. During the quarter the focus shifted from project development to project implementation and consolidation. Improving timely care at Box Hill Hospital was also the focus for Quarters 3 and 4, 2018/19. A program of improvement work entitled 'SAFER' (Safe patient Access and Flow is Everyone's Responsibility) was commenced in January 2019. This program consists of 12 initiatives across the unplanned patient journey (i.e. those patients who present through the Emergency Department). ***Initiatives include:*** • overnight staffing of the Box Hill Hospital 'Fast Track' area within the Emergency Department • improving Patient Support Services turn around times for Bed Cleans and Patient Transfers • implementing data analytics for patient flow.

Continued on page 23

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME

			Outcomes achieved:
			• Implementation of the SAFER program utilising the Institute of Healthcare Improvement (IHI) framework and methodology. This includes clinician use of Plan Do Study Act (PDSA) cycles and weekly meetings chaired by the CEO. SAFER was implemented at Box Hill Hospital between January-June 2019
			• Implementation of coaching of clinicians and use of clinical analytics to support clinicians with incremental improvements in access outcomes
			• Eastern Health tracks the following emergency access indicators at a site and health service level through our Daily Operating System (DOS) and within our annual report;
			  • Emergency department four-hour patient length of stay
			  • Time to treatment
			  • Ambulance off-stretcher time

		Progress service and capital planning including the Mental Health service plan, the Box Hill Hospital service plan and master plan, including an urban design study, and reconsider the business cases for Angliss Hospital inpatient expansion and Wantirna residential aged care.	Partially Achieved The Neonatal, Paediatric and Adolescent Service Plan was finalised and approved by the Board in March 2019. The Mental Health Service Plan continues to progress in parallel with the Mental Health Royal Commission, and is monitored by a project steering committee to ensure appropriate alignment. Scoping of the Box Hill Precinct Service Plan is currently on hold pending further considerations and alignment with the Strategic Clinical Service Plan 2012-2022 and the development of a longer term plan focused on the sustainability of Eastern Health services.

ABILITY TO WITHSTAND CHALLENGES

Patient safety will always be our number one priority. Our patients can have confidence in the quality and safety of the services provided by Eastern Health.

In June 2019, Eastern Health thwarted a cyber-security incident through its stringent IT security measures. The issue was immediately contained and there was no loss of data from the computer network. All systems were restored and there were no breaches of patient data or privacy identified. As is standard practice, Eastern Health activated its recovery processes to ensure patient safety. This included precautionary auditing and validation of patient information to ensure accuracy. As part of Eastern Health's commitment to Open Disclosure, patients were informed of the clinical review of their records and advised that they had not been compromised. By having these processes in place, Eastern Health was able to avoid any impact on access and patient services as a consequence of this incident.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
BETTER CARE			
• Target zero avoidable harm • Health care that focuses on outcomes • Patients and carers are active partners in care • Care fits together around people's needs	• Put quality first • Join up care • Partner with patients • Strengthen the workforce • Embed evidence • Ensure equal care	Develop a Reconciliation Action Plan that is aligned with the priority focus areas of the Korin Korin Balit-Djak Aboriginal health, wellbeing and safety strategic plan 2017–2027.	Partially Achieved The Reconciliation Action Plan (RAP) developed in alignment with the INNOVATE framework supported by Reconciliation Australia, was approved by the Board in August 2018. ***Key pieces of work completed or significantly progressed include:*** • RAP project plan developed • RAP Working Party established with clear Terms of Reference aligned with implementation of the action plan
		Continue the focus on partnering with patients through implementation of agreed actions from the 2018-19 'Patients First' program.	Achieved ***Six projects were identified as part of the Patients First program of work including:*** • Leadership walkrounds; • Patient and Family-Centred Care Toolkit; • Nursing Model of Care; • Cleaning; • Medical ward rounds; and • Eastern Health values. All identified projects have project plans and timelines overseen by the Patients First Steering Committee as well as reported via the Eastern Health Program Management Office. The projects are being provided with project management support to ensure all expected outcomes are being achieved as expected.

On Thursday 6 June 2019, Eastern Health participated in "What matters to you?" day. Asking this question empowers patients and families, strengthens relationships and improves patient outcomes. "What matters to you?" is a call to action, not just on this day but every day. Great patient care starts when you **ask** what matters, **listen** to what matters and **do** what matters.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
		Progress the implementation of an integrated electronic medical record including Maroondah and Angliss Hospitals (Firstnet), PCMS integration and Cybersecurity controls.	Partially Achieved Firstnet was sucessfully implemented at Angliss Hospital in February 2019 and at Maroondah Hospital in April 2019. The implementation of this system at these two sites was achieved on time and as expected. The Patient Client Management System (PCMS) project was put on hold in September 2018 and Eastern Health has engaged an external party to prepare a business case for submission to DHHS. The continued development and implementation of cybersecurity controls progressed during 2018-19 in accordance with the plan set out in the Great Digital Information Strategy.
		Progress implementation of Eastern Health's Healthcare Excellence Plan focused on patient quality and safety.	Achieved The Healthcare Excellence Plan has been developed following extensive consultation with both internal and external stakeholders. The plan was approved by the Board in June 2019.

HEALTH CARE IN ANY LANGUAGE

Eastern Health employs an in-house team of NAATI-certified interpreters.

About **55%** of services are delivered in-house.

There were **10,471** patients who required an interpreter in 2018-19.

Interpreter

5.95%
(or 10,471)
patients requiring an interpreter

8.68%
(or 15,274)
patients with a primary language other than English

81
languages in which services were provided

For more information, please refer to Eastern Health's Quality Account at **www.easternhealth.org.au**

GOALS	HEALTH SERVICE DELIVERABLES	OUTCOME
SPECIFIC 2018-19 PRIORITIES (MANDATORY)		
Disability Action Plans Draft disability action plans are completed in 2018-19. NOTE: Guidance on developing disability action plans can be found at **https://providers.dhhs.vic.gov.au/disability-action-plans** Queries can be directed to the Office for Disability by phone on **1300 880 043** or by email at **ofd@dhhs.vic.gov.au**	Finalise and submit a disability action plan to the Department of Health and Human Services by 30 June 2019, including a detailed plan to fully implement the recommendations within three years of publication.	Achieved The disAbility Action Plan has been developed in accordance with the agreed project plan and DHHS submission timeframes. The disAbility Action Plan was approved by the Board in June 2019.
Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Develop and implement an enhanced approach to ensure that Eastern Health volunteers are engaged and recognised for their contribution at all levels across Eastern Health.	Partially Achieved Consultations with internal stakeholders and peer health services were completed and a preferred software for enhanced management of the volunteer lifecycle identified. A business case to support implementation of the preferred software system will now be developed. Identification of further initiatives has occurred, aimed at improving volunteer engagement, including streamlined online recruitment processes and a rapid improvement event in May 2019 to identify initiatives to strengthen engagement.

CONNECT WITH RESPECT

Pictured at the event are Mark Thomson, event didgeridoo player; Andrew Peters, event MC; Jo Voce, Eastern Health's Aboriginal Liaison Officer; Shannon Wight, Eastern Health Executive Director of Clinical Operations; Aunty Joy Murphy, Wurundjeri Elder; and Kyle Vander-Kuyp (Olympian and event special guest).

Eastern Health has a range of initiatives in place to help close the health gap, and has been working towards improving health outcomes for the Aboriginal and Torres Strait Islander community for a number of years. Focus has been on creating a welcoming and culturally appropriate environment, and engaging the Aboriginal and Torres Strait Islander community actively in decision-making regarding initiatives to help close the gap.
In 2018-19, Eastern Health committed to the development of a Reconciliation Action Plan. The Closing the Gap Family Sports Day continued to be a highlight for the year, held in March 2019 in Healesville.

GOALS	HEALTH SERVICE DELIVERABLES	OUTCOME
Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Continue to actively promote and reinforce the Eastern Health values and behavioural expectations across the employment lifecycle. Continue to appropriately investigate all reports of bullying and harassment and develop approaches to ensure there is a feedback mechanism across Eastern Health with appropriate reporting to the Executive and Board.	Achieved New investigation tools and templates have been implemented and consultation with relevant unions has occurred. Processes for formal investigations have enabled a central point of contact for all formal investigations into bullying and to promote intervention and more formal processes as appropriate. A new communications plan has been developed incorporating DHHS initiatives on bullying and harrassment that will "go-live" in July 2019.
Occupational violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.	Provide core occupational violence training to all Eastern Health staff who have contact with patients and visitors according to the Department of Health and Human Services Occupational Violence and Aggression training principles.	Achieved The SAFE framework for occupational violence training has been aligned with the DHHS Occupational Violence and Aggression training principles. Training packages have been developed and tailored for non-clinical staff, clinical staff and staff who work in high-risk areas. Occupational Violence and Aggression (OVA) training is a core component of the junior medical workforce face-to-face orientation and DHHS OVA modules have been utilised to support alternate year refresher training. A training program for staff working in residential facilities has been successfully implemented.

MANAGING OUR RISKS

Eastern Health takes a balanced approach to risk management in order to ensure systematic identification, analysis, recording and reporting of risks and opportunities important to the achievement of our strategic initiatives.

Eastern Health proactively and reactively addresses a broad range of risks that may impact or are impacting on the organisation.

Our Risk and Audit Committee has oversight of the enterprise risk management system, with a focus on the most significant risks facing the organisation, including strategic, operational, financial, reporting, compliance, statewide, inter-agency and project-based risks.

Risk management is embedded in day-to-day practice and all managers and staff routinely manage risks, including occupational health and safety and quality of care matters that have the potential to impact on the achievement of desired results and outcomes.

For more information about how Eastern Health manages key risks, including case studies, please refer to the Quality Account 2019 at **www.easternhealth.org.au**

GOALS	HEALTH SERVICE DELIVERABLES	OUTCOME
Environmental Sustainability Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by: • Identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management; • Publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Implement agreed actions identified for year 3 of Eastern Health's Environmental Management Plan.	✓ Achieved Nine initiatives were planned to implement the Environmental Management Plan of which seven are now complete. The two remaining initiatives are on track for completion within their respective timeframe.

Our "Faces of Eastern Health" campaign uses social media, namely Facebook and LinkedIn, to tell engaging stories about staff that tap into what makes them human and why they do what that do. The Faces model is leveraged to support all manner of campaigns including recruitment, fundraising, patient engagement and staff recognition. In August this campaign supported recruitment opportunities at the new ICU at Angliss Hospital. This strategic approach proved to be exceptionally successful, not only in terms of social media reach but also enquiries and applications for advertised positions. Kate Robinson (pictured) is an ICU Liaison Nurse at Angliss Hospital and was featured as part of the Faces campaign.

GOALS	HEALTH SERVICE DELIVERABLES	OUTCOME
LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions. NOTE: deliverables should be in accordance with the DHHS Rainbow eQuality Guide **(see at www2.health.vic.gov.au/about/populations/lgbti-health/rainbow-equality)** and the Rainbow Tick Accreditation Guide **(see at www.glhv.org.au)**	Progress implementation of agreed actions identified for year 2 of the Equality Action Plan to ensure a welcoming and inclusive health service for LGBTI patients and their families.	Achieved The eQuality Action Plan has been developed and was approved by the Board in June 2019. The associated action plan will be monitored via the eQuality Steering Committee. ***Key activities achieved in 2018-19 include:*** • Pride Cup • promotion of IDAHOBIT day • developing a welcoming environment at Eastern Health sites.

ACCREDITATION

Eastern Health demonstrates its commitment to excellence through external accreditation with a range of industry standards, including the National Safety and Quality Health Service Standards.

Eastern Health is fully accredited by the Australian Council on Healthcare Standards (ACHS) against these standards until March 2022.

Our pathology laboratories, medical imaging and cardiology service are accredited under their respective industry standards by the National Association of Testing Authorities (NATA).

Our four residential aged care facilities – Edward Street Nursing Home in Upper Ferntree Gully, Monda Lodge in Healesville, Mooroolbark and Northside in Burwood East are accredited by the Australian Aged Care Quality Agency and our palliative care service is accredited under the National Standards Assessment Program.

Eastern Health is accredited against all mandatory industry standards as well as a range of voluntary standards that apply across a variety of services and sites.

High-quality and safe care

KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	87%
Percentage of healthcare workers immunised for influenza	84%	85.3%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – positive patient experience – Quarter 1	95% positive experience	91%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 2	95% positive experience	89%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 3	95% positive experience	89%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75% very positive experience	74%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75% very positive experience	73%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75% very positive experience	72%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	72%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	69%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	69%
Healthcare associated infections (HAIs)		
Number of patients with surgical site infection	No outliers	0
Number of patients with ICU central line-associated bloodstream infection (CLABSI)	Nil	0
Rate of patients with SAB[1] per occupied bed day	≤ 1/10,000	0.8
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	7
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	4.8%
Mental health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	12%
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	6
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	12
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	1
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	94%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	84%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%	97%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.4%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	23%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	100%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.06

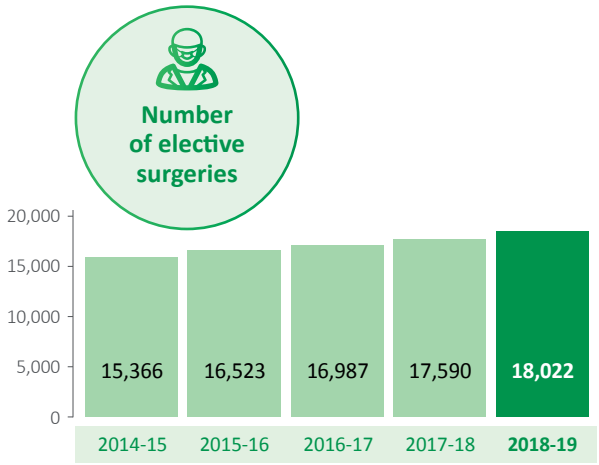
1: SAB is Staphylococcus Aureus Bacteraemia.

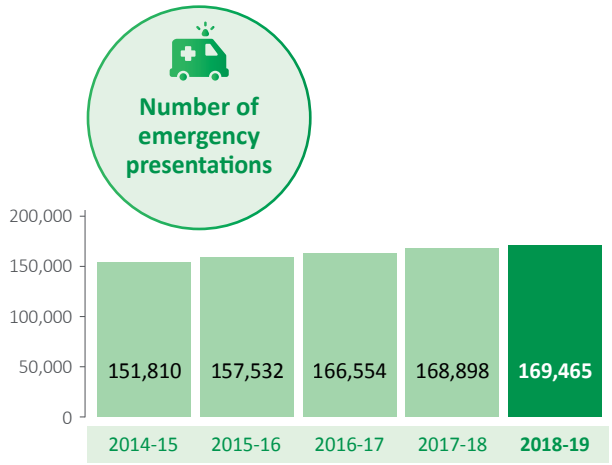
Strong governance, leadership and culture

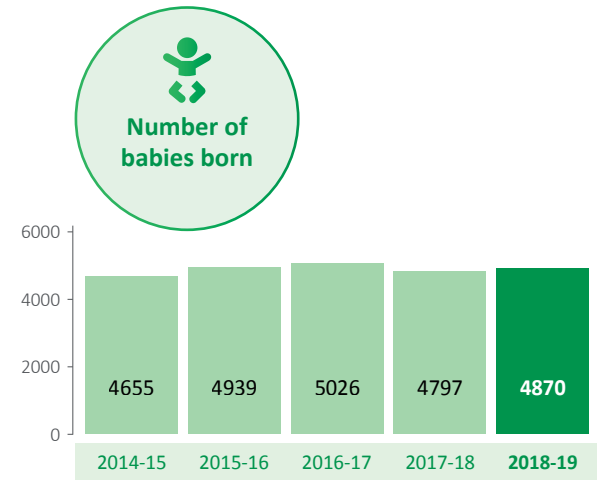
KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT
Organisational culture		
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	80%	73%
People Matter Survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	85%
People Matter Survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	81%
People Matter Survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	78%
People Matter Survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	76%
People Matter Survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	75%
People Matter Survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	68%
People Matter Survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	69%
People Matter Survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	76%

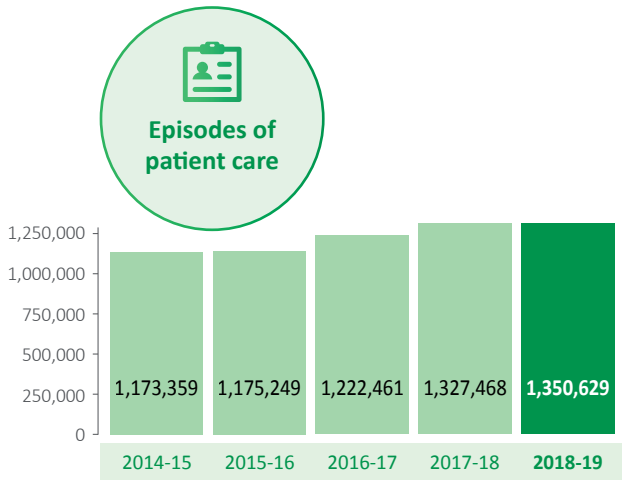
Results are from the People Matter Survey conducted in May 2018.

Eastern Health's growth over the past five years is depicted in the tables below









Timely access to care

KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT		
		ANGLISS HOSPITAL	BOX HILL HOSPITAL	MAROONDAH HOSPITAL
Emergency care				
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	92%	78%	86%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	83%	86%	81%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	79%	58%	64%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0	0	0

KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	88%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	14%
Number of patients on the elective surgery waiting list[2]	2,496	2,520
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100	5.8
Number of patients admitted from the elective surgery waiting list	17,998	18,022
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	78%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	94%

2: The target shown is the number of patients on the elective surgery waiting list as at 30 June 2019.

Effective financial management

KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT
Finance		
Operating surplus ($m)	0.00	$2.67
Average number of days to paying trade creditors	60 days	59 days
Average number of days to receiving patient fee debtors	60 days	58 days
Public and Private WIES[3] activity performance to target	100%	101%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.3
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	9.2 days
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	$2.67 million

3: WIES is a Weighted Inlier Equivalent Separation

Activity and funding

KEY PERFORMANCE INDICATOR	2018-19 ACTIVITY AND ACHIEVEMENTS
Acute Admitted	
WIES Public	82,777
WIES Private	17,689
WIES DVA	748
WIES TAC	520
Acute Non-Admitted	
Home Enteral Nutrition	508
Specialist Clinics	161,697
Other non-admitted (Renal Home Dialysis)	64
Sub-Acute and Non-Acute Admitted	
Sub-Acute WIES – Rehabilitation Public	1,303
Sub-Acute WIES – Rehabilitation Private	556
Sub-Acute WIES – GEM Public	1,695
Sub-Acute WIES – GEM Private	787
Sub-Acute WIES – Palliative Care Public	489
Sub-Acute WIES – Palliative Care Private	242
Sub-Acute WIES – DVA	125
Transition Care – Bed days	25,853
Transition Care – Home days	7,027
Subacute Non-Admitted	
Health Independence Program – Public	131,364
Aged Care	
Residential Aged Care	17,475
HACC	4,945
Mental Health and Drug Services	
Mental Health Ambulatory	151,705
Mental Health Inpatient – Available bed days	36,805
Mental Health Residential	19,452
Mental Health Service System Capacity	1,312
Mental Health Subacute	19,012
Drug Services	8,082
Primary Health	
Community Health / Primary Care Programs	26,316
Other	
Health Workforce	362

Maryanne Singh is part of the Turning Point Eastern Treatment Services team, based at the Carrington Road site in Box Hil.

Details of consultancies (less than $10,000)

In 2018-19, Eastern Health engaged 1 consultancy where the total fees payable to the consultants were less than $10,000, with a total expenditure of $3,125 (excl. GST).

Details of consultancies (valued at $10,000 or greater)

In 2018-19 there were 3 consultancies where the total fees payable to the consultant were greater than $10,000 with the total expenditure of $142,832.69. Details of the individual consultancies are published on the Eastern Health website.

Information and communication technology (ICT) expenditure

Total Information and Communication Technology (ICT) expenditure incurred during 2018-19 was $41.9M (excluding GST), as per below:

BAU	NON-BAU		
EXPENDITURE	TOTAL EXPENDITURE	OPERATIONAL EXPENDITURE	CAPITAL EXPENDITURE
$33.8M	$8.1M	$0.9M	$7.2M

BAU – Business as usual

Environmental performance

Eastern Health reinforced its commitment to environmental sustainability by continuing to develop initiatives that improve efficiencies and reduce its environmental footprint.

This has included a continued focus on water, waste management, providing further education to staff about sustainability initiatives, transferring from paper to electronic medical records and choosing more environmentally-friendly products.

On page 35 is a summary of our performance during 2018-19.

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Greenhouse gas emissions					
Total greenhouse gas emissions (tonnes CO^2e)					
Scope 1	6,614	7,152	8,380	8,236	7,681
Scope 2	51,545	44,016	42,027	39,268	39,163
Total	**58,159**	**51,168**	**50,407**	**47,504**	**46,845**
Normalised greenhouse gas emissions					
Emissions per unit of floor space ($kgCO^2e/m^2$)	269.31	236.94	233.55	220.10	217.05
Emissions per unit of separations ($kgCO^2e$/separations)	406.18	343.00	308.54	281.27	271.9
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	126.99	108.03	100.74	97.59	92.18
Stationary energy					
Total stationary energy purchased by energy type (GJ)					
Diesel oil in buildings	1124	1,118	968	417	4,121
Electricity	157,256	139,900	138,804	130,895	131,764
Natural gas	128,852	137,279	161,314	159,254	133,338
Total	**286,108**	**278,297**	**301,086**	**290,566**	**269,224**
Normalised stationary energy consumption					
Energy per unit of floor space (GJ/m^2)	1.32	1.29	1.40	1.35	1.25
Energy per unit of separations (GJ/separations)	2.00	1.87	1.84	1.72	1.56
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.62	0.59	0.60	0.60	0.53
Embedded generation					
Total embedded stationary energy generated by energy type (GJ)					
Solar power	N/A	N/A	N/A	29	40
Total	**N/A**	**N/A**	**N/A**	**29**	**40**
Water					
Total water consumption by type (kL)					
Potable water	208,502	209,422	227,628	213,659	217,531
Reclaimed water	11,034	24,008	34,074	39,517	70,603
Total	**219,536**	**233,430**	**261,702**	**253,176**	**288,134**
Normalised water consumption (Potable + Class A)					
Water per unit of floor space (kL/m^2)	0.97	0.97	1.05	0.99	1.01
Water per unit of separations (kL/separations)	1.46	1.40	1.39	1.27	1.26
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.46	0.44	0.45	0.44	0.43
Water re-use and recycling					
Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed)	5	10	13	16	25
Waste and recycling					
Waste (kg)					
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,234,000	1,302,000	2,443,882	2,532,104	2,632,385
Total waste to landfill generated (kg clinical waste+kg general waste)	1,732,000	1,816,000	1,900,905	1,879,506	1,940,590
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	1.67	1.61	2.30	2.24	2.28
Recycling rate % (kg recycling / (kg general waste+kg recycling))	19.4	22.1	26.25	30.13	30.83
Paper					
Total reams of paper	51,138	51,786	52,903	52,042	32,990
Reams of paper per FTE	N/A	N/A	N/A	8.51	5.39
Rate recycled paper (0%-49%)	N/A	N/A	N/A	92.08	83.02
Rate recycled paper (50%-74%)	N/A	N/A	N/A	5.01	9.79
Rate recycled paper (75%-100%)	N/A	N/A	N/A	2.91	7.19
Transport					
Corporate transport					
Reported vehicle kilometres	2,954,355	2,495,381	2,399,201	2,336,479	2,399,109
Tonnes CO^2e per 1,000 reported kilometres	663	576	561	551	569.5

** This is a new indicator and therefore there is no comparative data.*

The figures for 2018-19 are estimates as at 30 June 2019.

STATUTORY COMPLIANCE

Freedom of Information

Eastern Health complies with the *Freedom of Information Act 1982 (Vic)* which allows individuals to apply for access to government documents that are not available for public inspection.

In 2018-19, Eastern Health received 1359 requests under the *Freedom of Information Act 1982*. This total comprised of 1168 personal requests, mostly from patients or their representatives seeking access to their medical records and 191 non-personal requests which included requests for patient medical records from insurance companies, WorkCover and TAC. Of the non-personal requests, one was received from media.

Full access to documents was provided in 756 requests. Partial access was granted for 448 requests, while six requests were denied in full.

The most common reason for Eastern Health seeking to fully or partially exempt requested documents was the protection of personal privacy in relation to requests for information about persons other than the applicant.

There were 23 requests either withdrawn by the applicant or processed outside the Act. Most applications were received from patients, their legal or other representative, or surviving next of kin and most were for access to medical records.

Eastern Health collected $30,566.00 in application fees and waived $8622.40. Eastern Health collected $29,863.00 in charges to access documents and waived $23,915.80.

Applications must be in writing to the Eastern Health FOI Service using the application form (available on the Eastern Health website or from Health Information Services at each site) or by writing a letter. Requests must include proof of identity and payment of the application fee of $29.60 or a copy of the applicant's current health care card or pension card so the fee can be waived. The contact details to send the application are as follows:

Eastern Health Freedom of Information Service
Health Information Services

Maroondah Hospital
PO Box 135
Ringwood East VIC 3135
T: (03) 9871 3170
F: (03) 9871 1653
E: foi@easternhealth.org.au

For more information visit **www.easternhealth.org.au**

FREEDOM OF INFORMATION REQUESTS	2014-15	2015-16	2016-17	2017-18	2018-19
Number of requests	1173	1243	1262	1378	1359
Access provided in full	747	759	708	820	756
Access provided in part	307	376	410	420	448
No documents	36	44	38	40	55
Access denied	4	10	8	7	6
Request withdrawn by applicant	17	25	7	9	11
Transferred to another agency	0	0	1	0	0
Complaints lodged with OVIC	7	6	6	4	2
Referred to OVIC for review	6	6	6	9	10
Decisions deferred to VCAT	0	1	1	1	0
Requests not completed	62	29	89	80	71
Requests processed outside the Act	-	-	2	2	12

OVIC – Office of the Victorian Information Commissioner (formerly known as FOI Commissioner)

Building Act 1993

Eastern Health complies with the building and maintenance provisions of the *Building Act 1993* and DHHS Fire Risk Management Guidelines, with all works completed in 2018-19 in accordance with the relevant provisions of the National Construction Code.

Eastern Health ensures works are inspected by independent registered building surveyors. All building practitioners are required to show evidence of current registration and must maintain their registration status throughout the course of their work with us.

Protected Disclosure Act 2012

Eastern Health complies with the *Protected Disclosure Act 2012* (Vic), which forms part of Victoria's anti-corruption laws. Neither "improper conduct" nor "reprisal against a person for a protected disclosure" is acceptable to us.

We support the making of disclosures about such conduct to the Independent Broad-based Anti-corruption Commission (IBAC).

Any requests for information about our procedures for the protection of persons from unlawful reprisal for protected disclosures should be directed to the Executive Director People and Culture at Eastern Health.

Protected disclosures are distinguished from complaints or grievances that would be dealt with under Eastern Health's usual complaint or grievance processes, such as a patient's healthcare complaint or an employee's industrial grievance.

There were no disclosures to the IBAC in 2018-19.

For more information, visit **www.ibac.vic.gov.au**

Statement on National Competition Policy

Eastern Health is committed to ensuring that services demonstrate both quality and efficiency.

Competitive neutrality, which supports the Commonwealth Government's National Competition Policy, helps to ensure net competitive advantages that accrue to a government business are offset.

Eastern Health understands the requirements of competitive neutrality and acts accordingly. It complies with the Competitive Neutrality Policy Victoria and any subsequent reforms that relate to responsible expenditure and infrastructure projects, and the creation of effective partnerships between private enterprise and the public sector.

Carers Recognition Act 2012

The *Carers Recognition Act 2012* (Vic) promotes and values the role of people in carer relationships and recognises the contribution that carers and people in carer relationships make to the social and economic fabric of the Victorian community.

We are taking measures to finalise compliance with our obligations under the Act, as outlined in our Patient and Family-Centred Care Standard that guides our practice and in our Partners in Care booklet that is provided to every patient on admission.

This will ensure that the needs of carers are recognised and responded to when the person for whom they care is admitted to Eastern Health or when the carer is admitted to Eastern Health.

Victorian Industry Participation Policy Act 2003

Eastern Health complies with the *Victorian Industry Participation Policy (VIPP) Act 2003*, which requires local industry participation in supply, taking into account the value for money principle and transparent tendering processes.

Eastern Health completed a VIPP Contestability Assessment for four projects that commenced in 2018-19:

H18-0819T: Provision of ICT Infrastructure Maintenance Services ICN assessed 5 September 2018

Contestable Inputs:

- Hardware maintenance and support – help desk support
- Software licensing maintenance – technical support

Actions:

Local Jobs First VIPP Plan/s are not required however all bidders supplied an estimate of their local content for the input items ICN identified along with an overall local content percentage of 100 per cent.

EH18-1124T: Early Intervention Psychosocial Support Response Framework ICN assessed 9 January 2019

Contestable Inputs:

Nil

Actions:

VIPP plan was not required for one of these projects (EH18-1124T) because it was assessed and deemed non-contestable however participants were required to submit an LIDP plan all being 100 per cent local content commitment.

EH18-0507T: Maroondah Carpark

Contestable/Non-Contestable outcome:

Contestable 19 March 2018

LIDP (Local content percentage):

N/A

EH19-0102T: Box Hill Hospital MRI Project

Contestable/Non-Contestable outcome:

Contestable 20 December 2018

LIDP (Local content percentage):

71 per cent 27 May 2019

Safe Patient Care Act 2015 (Vic)

Workforce management systems and processes ensure Eastern Health complies with the *Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015*, which requires that minimum nurse-to-patient ratios are met when determining nurse and midwife staffing levels across those services and wards covered by this legislation.

In 2018-19 Eastern Health had no matters to report in relation to its obligation under section 40 of the *Safe Patient Care Act 2015*.

Car parking fees

Eastern Health complies with the Department of Health and Human Services hospital circular on car parking fees. Details of car parking fees and concession benefits can be viewed at **www.easternhealth.org.au**

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, David Plunkett, certify that Eastern Health has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies, including mandatory HPV collective agreements as required by the *Health Services Act 1988 (Vic)* and has critically reviewed these controls and processes during the year.

ADJUNCT PROFESSOR DAVID PLUNKETT
Chief Executive
Eastern Health

8 August 2019

Financial Management Compliance Attestation

I, Tass Mousaferiadis, on behalf of the Responsible Body, certify that Eastern Health has complied with the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

MR TASS MOUSAFERIADIS
Chair
Eastern Health Board

8 August 2019

Data Integrity

I, David Plunkett, certify that Eastern Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Eastern Health has critically reviewed these controls and processes during the year.

ADJUNCT PROFESSOR DAVID PLUNKETT
Chief Executive
Eastern Health

8 August 2019

Conflict of interest

I, David Plunkett, certify that Eastern Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC.

Declaration of private interest forms have been completed by all Executive staff within Eastern Health and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each Executive Committee and Board meeting.

ADJUNCT PROFESSOR DAVID PLUNKETT
Chief Executive
Eastern Health

8 August 2019

Integrity, fraud and corruption

I, David Plunkett, certify that Eastern Health has put it place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Eastern Health during the year.

ADJUNCT PROFESSOR DAVID PLUNKETT
Chief Executive
Eastern Health

8 August 2019

Additional information available on request

Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/ contractors engaged, services provided, and expenditure committed for each engagement.

OUR GOVERNANCE

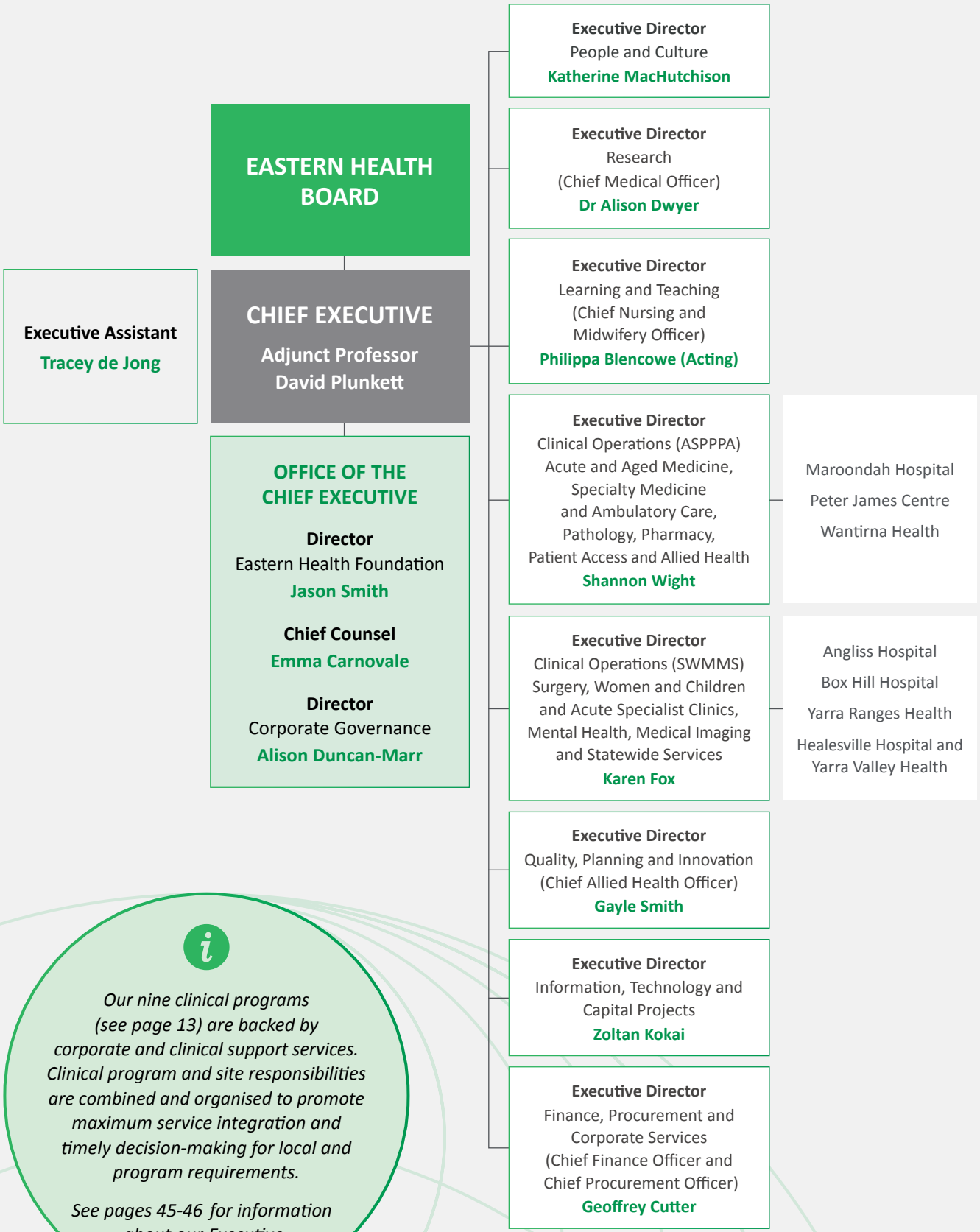
Committee structure

- Board of Directors
- Community Advisory Committee
- Finance Committee
- Quality and Safety Committee
- Primary Care and Population Health Advisory Committee
- Risk and Audit Committee
- Strategy, People and IT Advisory Committee
- Remuneration Committee
- Executive Committee

Our nine clinical programs *(see page 13)* are backed by corporate and clinical support services. Clinical program and site responsibilities are combined and organised to promote maximum service integration and timely decision-making for local and program requirements. Pictured is Heather Steen, Nurse Unit Manager of the emergency department at Angliss Hospital.

ORGANISATIONAL STRUCTURE

AT EASTERN HEALTH THERE ARE EIGHT DIRECTORATES WITH RESPONSIBILITY FOR THE MANAGEMENT OF ORGANISATIONAL OPERATING SYSTEMS AND ORGANISATIONAL PERFORMANCE.



Our nine clinical programs (see page 13) are backed by corporate and clinical support services. Clinical program and site responsibilities are combined and organised to promote maximum service integration and timely decision-making for local and program requirements.

See pages 45-46 for information about our Executive.

BOARD OF DIRECTORS

EASTERN HEALTH IS A PUBLIC HEALTH SERVICE AS DEFINED BY THE *HEALTH SERVICES ACT 1988* AND IS GOVERNED BY A BOARD OF DIRECTORS CONSISTING OF UP TO NINE MEMBERS APPOINTED BY THE GOVERNOR IN COUNCIL ON THE RECOMMENDATION OF THE VICTORIAN MINISTER FOR HEALTH.

The Board must perform its functions and exercise its powers subject to any direction given by the Minister for Health and subject to the principles contained within the Health Services Act 1988 and *Public Administration Act 2004*.

The Board provides governance of Eastern Health and is responsible for its financial performance, strategic directions, quality of healthcare services and strengthening community involvement through greater partnerships.

The Board is responsible for ensuring Eastern Health performs its functions under section 65 of the *Health Services Act 1988*, including the requirement to develop statements of priorities and strategic plans, and to monitor compliance with these statements and plans. The Board also has responsibility for the appointment of the Chief Executive.

The Eastern Health by-laws enable the Board to delegate certain authority. The by-laws are supported by the Delegations of Authority, enabling designated executives and staff to perform their duties through exercising specified authority.

The Directors contribute to the governance of Eastern Health collectively as a Board. The Board normally meets monthly and 12 meetings are scheduled each financial year.

Eastern Health welcomed Ms Felicity Pantelidis and Mr Andrew Saunders as Board Directors in July 2018 while the appointments of Mr Stuart Alford and Professor Pauline Nugent expired on 30 June 2018 after the maximum of nine years' service to Eastern Health.

Dr Joanna Flynn was reappointed as Board Chair for a final 12-month term from 1 July 2018, and Mr Tass Mousaferiadis was also reappointed from 1 July 2018.

In January 2018, Mr Lance Wallace was appointed as the Minister for Health's Delegate to the Board of Directors for a term that expired in January 2019.

Dr Joanna Flynn AM retired from the Board on 30 June 2019 after 10 years of outstanding service and leadership. *See page 5 for more information.* Ms Felicity Pantelidis resigned from the Board from 30 June 2019.

Ms Anna Lee Cribb and Dr Bob Mitchell were appointed to the Board from 1 July 2019.

During 2018-19, Eastern Health's Board Directors were:

Dr Joanna M Flynn AM

MBBS MPH HonDMedSc FRACGP FAICD

Appointed Chair of Eastern Health 1 July 2009

Current professional positions

- Chair, Council of Health Service Board Chairs (Victoria) *(to 30 June 2019)*
- Board Director, Ambulance Victoria

Hon Fran Bailey

BAEd DipT (Secondary) GAICD

Appointed 1 July 2014

Current professional positions

- Chair, Animal Aid
- Chair, National Emergency Honours
- Director, National Board, Restaurant and Catering
- Ambassador, Cascades National Heritage Project, Second Bite and the Gertrude Opera

Professor Andrew Conway

FIPA FFA FCMA FCPA (UK) MAICD FAIM BCom BTeach(Sec)

Appointed 1 July 2011

Current professional positions

- Chief Executive Officer, Institute of Public Accountants
- Professor of Accounting (honoris causa), Shanghai University of Finance and Economics
- Vice-Chancellor's Distinguished Fellow, Deakin University
- Adjunct Professor, Deakin University
- Adjunct Professor, Langzhou University of Technology

Dr Peter Dohrmann

MBBS FRACS GradDipOccEnvH FRACMA

Appointed 1 July 2017

Current professional positions

- Director of Neurosciences, Epworth HealthCare
- Senior Clinical Adviser, Australian Health Practitioner Regulation Agency

Ms Jill Linklater

RN BScN MHA Grad Dip Health and Medical Law FACN FGIA GAICD

Appointed 1 July 2016

Current professional positions

- Board Member, Chair of Community Advisory Committee, Member of Clinical Governance Committee and Governance Committee, Uniting AgeWell (Victoria and Tasmania)
- Member, Disability Services Board Victoria
- Member, Deakin University Centre for Quality and Patient Safety (QPS) Research External Advisory Committee
- Consultant, Health, Disability, Aged Care Services
- Management Systems Auditor and Accreditation Surveyor

Mr Tass Mousaferiadis

BEd Grad Dip HealthEd Grad Cert BusMgt GAICD

Appointed 8 December 2015

Current professional positions

- Board Member, Victorian Responsible Gambling Foundation
- Board Member, FoodBank Victoria
- Vice President, Star Health

Ms Felicity Pantelidis

BCom(Hons) GAICD

Appointed 1 July 2018

Current professional positions

- Deputy CEO Maurice Blackburn
- Board Director Industry Fund Services
- Board Director Western Chances

Mr Andrew Saunders

BSc GradDipEd MBA MAICD

Appointed 1 July 2018

Current professional positions

- Board Director Dental Health Services Victoria and Chair Audit and Risk Committee
- Board Member Heath Information and Management Systems Society (HiMSS) Asia Pacific
- Principal and Director Red Mosaic Pty Ltd

Ms Joanna Walker

BBus(Acc) MBA GAICD

Appointed 1 July 2017

Current professional positions

- Board Member and Member of the Audit and Risk Committee, Southern Alpine Resort Management
- Director, Kapstone Pty Ltd

BOARD DIRECTORS	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED
Dr Joanna Flynn AM	12	12
Hon Fran Bailey	12	11
Prof Andrew Conway	12	11
Dr Peter Dohrmann	12	11
Ms Jill Linklater	12	10
Mr Tass Mousaferiadis	12	12
Ms Felicity Pantelidis	12	9
Mr Andrew Saunders	12	12
Ms Joanna Walker	12	12

CLINICAL GOVERNANCE FRAMEWORK

Clinical governance is the system by which Eastern Health, including the Board, the Quality and Safety Committee and the Executive, managers, clinicians and staff, share responsibility and accountability for the quality of care delivered across our services.

This includes elements such as continuously improving services, minimising risks and fostering an environment of excellence in care for consumers, patients and residents.

Eastern Health's Clinical Governance Framework is aligned with the Safer Care Victoria Clinical Governance framework. The Eastern Health Clinical Governance policy and framework were revised in August 2018 and the health service committees and reporting structures were revised to align with the five domains of Clinical Governance– Leadership and Culture, Consumer Partnerships, Workforce, Risk Management and Clinical Practice.

Purpose, functions, powers and duties

Eastern Health's core objective is to provide public health services in accordance with the principles established as guidelines for the delivery of public hospital services in Victoria under section 17AA of the *Health Services Act 1988*.

The other objectives of Eastern Health, as a public health service, are to:

- Provide high-quality health services to the community which aim to meet community needs effectively and efficiently
- Integrate care as needed across service boundaries, in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals
- Ensure that health services are aimed at improvements in individual health outcomes and population health status by allocating resources according to best-practice healthcare approaches
- Ensure that the health service strives to continuously improve quality and foster innovation
- Support a broad range of high-quality health research to contribute to new knowledge and take advantage of knowledge gained elsewhere
- Operate in a business-like manner which maximises efficiency, effectiveness and cost-effectiveness, and ensures the financial viability of the health service
- Ensure that mechanisms are available to inform consumers and protect their rights, and to facilitate consultation with the community
- Operate a public health service, as authorised by or under the Act
- Carry out any other activities that may be conveniently undertaken in connection with the operation of a public health service or calculated to make more efficient any of the health service's assets or activities.

BOARD COMMITTEES

IN ACCORDANCE WITH THE *HEALTH SERVICES ACT 1988*, THE BOARD OF DIRECTORS IS SUPPORTED BY SEVERAL COMMITTEES AND ADVISORY COMMITTEES. THE RESPONSIBILITIES OF EACH COMMITTEE ARE SET OUT IN ITS TERMS OF REFERENCE.

Each committee is required to report to the Board through its minutes and may make recommendations. At its meetings, the Board discusses the committee minutes that are introduced by the relevant Committee Chair.

Community Advisory Committee

Chair:

Mr Tass Mousaferiadis

Members:

Dr Peter Dohrmann

Adj Prof David Plunkett

The role of the Community Advisory Committee is to provide direction and leadership in relation to the integration of consumer, carer and community views at all levels of health service operations, planning and policy development, and to advocate to the Board on behalf of the community, consumers and carers.

Members of the committee representing the community in which Eastern Health operates are **Ms Sue Emery, Ms Diane Fisher, Ms Angela Fitzpatrick, Ms Liz Flemming-Judge, Ms Raj Liskaser, Ms Tarnya McKenzie, Ms Gloria Sleaby and Mr Shan Thurairajah. Ms Kathy Collet**, a Carer Consultant in the Mental Health Program, is an associate of the committee.

In 2018-19, some of the activities that members participated in included ongoing involvement in numerous expert advisory committees, governance committees and quality improvement projects, as well as involvement in organisational planning and assisting with the preparation of the annual Quality Account.

For more information about the Community Advisory Committee, visit **www.easternhealth.org.au**

Finance Committee

Chair:

Ms Joanna Walker

Members:

Hon Fran Bailey

Dr Joanna Flynn AM

Prof Andrew Conway

Mr Tass Mousaferiadis

The primary function of the Finance Committee is to assist the Board in fulfilling its responsibilities to oversee Eastern Health's assets and resources. It reviews and monitors the financial performance of Eastern Health in accordance with approved strategies, initiatives and goals.

The committee makes recommendations to the Board regarding Eastern Health's financial performance, financial commitments and financial policy. The committee normally meets monthly and 11 meetings are scheduled each financial year.

The committee has assisted the Board to exercise its financial stewardship responsibility throughout the year.

Quality and Safety Committee

Chair:

Dr Peter Dohrmann

Members:

Mr Tass Mousaferiadis

Ms Jill Linklater

Ms Angela Fitzpatrick
(community representative) from October 2018

Ms Liz Flemming-Judge
(community representative)

Mr Andrew Saunders

The Quality and Safety Committee is responsible to the Board for ensuring that safe, effective and accountable systems are in place to monitor and improve the quality and safety of health services provided by Eastern Health and that any systemic problems identified with the quality and safety of health services are addressed in a timely manner. It also ensures Eastern Health strives to continuously improve quality and safety and foster innovation; and that clinical risk and patient safety are managed effectively.

The committee has assisted the Board to exercise its clinical governance responsibility throughout the year.

Primary Care and Population Health Advisory Committee

Chair:

Ms Jill Linklater

Members:

Dr Joanna Flynn AM

Mr Andrew Saunders
(from December 2018)

Adj Prof David Plunkett

Mr Peter Beaumont
Acting Director for Population Health, Performance Aboriginal Outcomes, Department of Health and Human Services *(from December 2018)*

Mr John Ferraro
Program Director, Acute and Aged Medicine, Eastern Health

Ms Ronda Jacobs
Chief Executive, Carrington Health and Health Ability

Prof Danielle Mazza
Head of the Department of General Practice, Monash University *(until September 2018)*

Prof Vijaya Sundararajan
Professor of Public Health and Head, Department of Public Health
La Trobe University
(from September 2018)

Ms Robin Whyte
Chief Executive, Eastern Melbourne Primary Health Network

Ms Shannon Wight
Executive Director, Clinical Operations (ASPPPA), Eastern Health
(from February 2019)

The role of the Primary Care and Population Health Advisory Committee is to monitor and report to the Board on the effective implementation of the Primary Care and Population Health Plan and any barriers to its successful implementation.

In accordance with the requirements of section 65ZC of the *Health Services Act 1988*, the committee consists of members who between them have:

- Expertise in or knowledge of the provision of primary health services in the areas served by Eastern Health
- Expertise in identifying health issues affecting the population served by Eastern Health and designing strategies to improve the health of the population
- Knowledge of the health services provided by local government in the areas served by Eastern Health.

Activities in 2018-19 included monitoring the implementation of the Eastern Melbourne Primary Healthcare Collaborative Primary Health Strategic Plan. Eastern Health is a founding partner of the Eastern Melbourne Primary Healthcare Collaborative.

Risk and Audit Committee

Chair:

Prof Andrew Conway

Members:

Hon Fran Bailey

Mr Tass Mousaferiadis

Ms Felicity Pantelidis

Ms Joanna Walker

The purpose of the Risk and Audit Committee is to assist the Board to discharge its responsibilities by having oversight of the:

- Integrity of the financial statements and financial reporting systems of Eastern Health
- Liaison with the Victorian Auditor-General or the Auditor-General's nominee, as required
- Internal auditor's qualifications, performance, independence and fees
- Financial reporting and statutory compliance obligations of Eastern Health.

The committee also assists the Board in relation to oversight and review of risk management, occupational health and safety, and legislative compliance.

In accordance with the Standing Directions under the *Financial Management Act 1994,* the committee is comprised of three or more Board Directors. All members are independent.

The committee has assisted the Board to exercise its financial and risk management responsibility throughout the year.

Strategy, People and IT Advisory Committee

Chair:

Hon Fran Bailey

Members:

Dr Peter Dohrmann

Ms Jill Linklater

Adj Prof David Plunkett

Mr Andrew Saunders

The Strategy, People and IT Advisory Committee is responsible to the Board for monitoring the performance of Eastern Health with regard to:

- Development, implementation and monitoring of progress on Eastern Health's Strategic Clinical Service Plan and Strategic Plan
- Development, implementation and monitoring of progress on designated Corporate Plans in accordance with Eastern Health's integrated planning framework
- Development and implementation of Eastern Health's annual Statement of Priorities, agreed with the Victorian Minister for Health
- Monitoring implementation of the People Strategy, Research Plan, Learning and Teaching Plan and Great Digital Information Strategy refresh
- Planning and monitoring of major capital works and projects.

In 2018-19, the committee focused on the development of the Research Plan 2019-2023 and the Learning and Teaching Plan 2018-2021 and implementation of the Great Digital Information Strategy and People Strategy 2018-2022 as well as a number of other projects, including the development of service and capital planning, and master planning for various sites.

The committee also monitored the implementation of the Electronic Medical Record and cyber security developments.

Remuneration Committee

Chair:

Dr Joanna Flynn AM

Members:

Prof Andrew Conway

Mr Tass Mousaferiadis

The primary purpose of the Remuneration Committee is to assist the Board to discharge its responsibilities under government policy in relation to the remuneration of the Chief Executive and members of the Executive.

The committee assisted the Board to fulfil its obligations with respect to Executive remuneration.

EXECUTIVE

Adjunct Professor David Plunkett

Chief Executive

Adjunct Professor David Plunkett has worked at Eastern Health since 2002 and was appointed Chief Executive in September 2016. He is responsible to the Board of Directors for the overall management and performance of Eastern Health. Prior to this appointment, he was the Executive Director of Acute Health/ Chief Nursing and Midwifery Officer, along with a number of other roles.

Adjunct Professor Plunkett's focus on the patient and outcomes has been enhanced by his work as a surveyor with the Australian Council on Healthcare Standards.

Prior to joining Eastern Health, he held senior roles at Epworth Richmond and Latrobe Regional Hospital. He holds a Master of Business Administration and is a fully qualified perioperative (theatre) nurse.

Ms Philippa Blencowe

Acting Executive Director

Learning and Teaching (Chief Nursing and Midwifery Officer)

Ms Blencowe was appointed to the role of Acting Executive Director Learning and Teaching / Chief Nursing and Midwifery Officer in June 2019. This role is accountable for the professional leadership of the nursing and midwifery workforce and effective leadership and management of learning and teaching services and systems across Eastern Health.

She has previously held the role of Program Director Women and Children /Acute Specialist Clinics Eastern Health and Site Director, Box Hill Hospital since February 2017. Previously, her roles have included Director of Nursing and Midwifery Box Hill Hospital and Associate Program Director of Emergency, ICU and General Medicine. She has also worked at The Alfred Cardiothoracic, ICU and Hospital in the Home. Ms Blencowe holds a Master of Nursing, Graduate Diploma in Health Administration and Critical Care qualifications.

Mr Geoff Cutter

Executive Director

Finance, Procurement and Corporate Services (Chief Finance Officer and Chief Procurement Officer)

Mr Cutter commenced at Eastern Health in May 2019. He is responsible for financial services, management accountant services, procurement and supply, facilities and infrastructure, security, property and retail.

Previously, Mr Cutter was the Chief Financial Officer at Goulburn Murray Water, a statutory corporation managing 70 per cent of the water and some of the most critical water infrastructure assets in Victoria. He is a Fellow member of CPA Australia, graduate member of the Australian Institute of Company Directors, and has a Bachelor of Economics and Master of Business Administration from Monash University.

Dr Alison Dwyer

Executive Director

Research (Chief Medical Officer)

Dr Dwyer commenced at Eastern Health in February 2019. Her previous roles have included Chief Medical Officer at Northern Health, Medical Director Quality, Safety and Risk Management at Austin Health and Director Medical Services at Royal Melbourne Hospital. She is a current Board Director of Peninsula Health and a member of the Quality and Safety Subcommittee.

Dr Dwyer is a Fellow of the Royal Australasian College of Medical Administrators, and has a strong involvement in the training of medical administration registrars as a current Supervisor, Preceptor and Examination Censor. She is also a current ACHS Surveyor and has a has a strong passion for ensuring the right organisational supports are in place to assist medical staff to provide high-quality care. Her research interests have focused on junior medical staff well-being, engaging medical staff in quality and the role of the Medical Administrator in health services.

Ms Karen Fox

Executive Director

Clinical Operations (SWMMS) – Surgery, Women and Children and Acute Specialist Clinics, Mental Health, Medical Imaging and Statewide Services

Ms Fox commenced at Eastern Health in 2006 and was appointed to her current role in February 2017. Prior to this, she held the position of Executive Director of Access and Patient Support Services from May 2013. Ms Fox is responsible for the management and performance of surgery, women and children services, acute specialist clinics, mental health, medical imaging and statewide services.

She is committed to listening to staff, patients, clients and consumers to ensure Eastern Health is providing reliable, safe, high-quality care and positive experiences. Her previous roles at Eastern Health have included capital project management, corporate governance, strategy, planning and risk management. Ms Fox has also worked in country Victoria and at Bayside Health. She has a Bachelor of Applied Science (Health Information Management), a Master of Public Health and a Diploma of Management.

Mr Zoltan Kokai

Executive Director

Information, Technology and Capital Projects

Mr Kokai commenced at Eastern Health in July 2004. He was appointed to his current role in February 2017 and leads the information, technology and major capital projects functions, including information and communication technology, health information and decision support services, biomedical engineering, the library and the e-health team, which successfully led the introduction of an Electronic Medical Record under the digital transformation strategy.

Continued on page 46

Mr Kokai led the Angliss Hospital expansion and the Eastern Health Breast and Cancer Centre capital works project, as well as the $447.5 million Box Hill Hospital redevelopment. He previously led Maroondah Hospital and Eastern Health's acute and community health services.

Prior to joining Eastern Health, he held several executive and senior roles at a number of major metropolitan health services. He has undergraduate degrees in business and information systems, and a Master of Business Administration.

Ms Katherine MacHutchison

Executive Director

People and Culture

Ms MacHutchison commenced at Eastern Health in April 2017. She is responsible for Eastern Health's human resources and shared services, organisational development, occupational health and safety and emergency management, communications and volunteer services. She holds a Graduate Diploma in Human Resources Management and Industrial Relations, and a Bachelor of Arts.

Ms MacHutchison has also worked at Epworth Healthcare, the Department of Business and Innovation, Cancer Institute NSW, Mayne Health, Australian Hospital Care and Coles Myer Limited.

Ms Gayle Smith

Executive Director

Quality, Planning and Innovation (Chief Allied Health Officer)

Ms Smith commenced at Eastern Health in February 2010. Her role includes responsibility for Eastern Health's performance excellence, strategy, planning, risk management, clinical governance, quality and safety, consumer and community participation, and continuous improvement systems.

Ms Smith also has professional responsibility for Allied Health. She holds a Bachelor of Applied Science (Occupational Therapy), a Master of Business Administration and a Professional Certificate in Health System Management.

Ms Shannon Wight

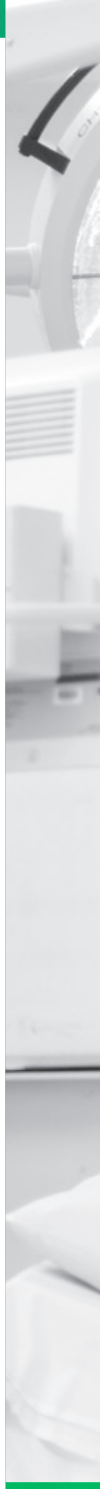
Executive Director

Clinical Operations (ASPPPA) – Acute and Aged Medicine, Specialty Medicine and Ambulatory Care, Pathology, Pharmacy, Patient Access and Allied Health

Ms Wight commenced at Eastern Health in February 2019. The focus of her role is to ensure patients move seamlessly between different services across Eastern Health and she has responsibility for acute (emergency and general medicine), aged medicine (sub-acute, transition care, residential aged care and chronic disease), specialty medicine and ambulatory care, pathology, pharmacy, patient access and allied health.

Previously, Ms Wight was the Clinical Service Director for the Alfred Heart and Lung Program at Alfred Health and had an extensive career with Monash Health, most recently as the Operations Director and Director of Nursing at Monash Medical Centre Clayton.

She is a Registered Nurse, has a Graduate Diploma in Critical Care (ICU Adult and Paediatric) and has recently completed an MBA from Monash University.



OUR FOUNDATION

In 2018-19:

- Raised **$3.2** million through philanthropic support – the highest amount since the Foundation's establishment in 2011
- Advanced research, equipment needs and staff education across Eastern Health

World-class endoscopic ultrasound technology will be introduced at Box Hill Hospital following generous donations to Eastern Health Foundation. Pictured are Dr Paul Urquhart and Vanessa Hopp RN. This new technology will benefit patients being investigated and treated for a range of respiratory and gastrointestinal conditions, including cancer.

EASTERN HEALTH FOUNDATION

EASTERN HEALTH FOUNDATION PARTNERS WITH OUR LOCAL COMMUNITY TO PROVIDE GREAT HEALTH CARE THROUGH PHILANTHROPY. OUR DONORS' KINDNESS AND GENEROSITY MAKES A DIFFERENCE FOR OUR STAFF, PATIENTS AND THEIR FAMILIES.

Turning Point
TREATMENT · RESEARCH · EDUCATION

Eastern Health to establish world-first suicide monitoring system

Turning Point, Australia's leading addiction treatment and research centre, based at Eastern Health, is one of 20 organisations world-wide to be awarded a combined $25million USD in grants as part of the *Google AI Impact Challenge*.

Eastern Health is the only Australian grant recipient, and will receive $1.2 million AUD over three years.

The Eastern Health project will focus on applying Artificial Intelligence models to develop a national suicide monitoring system. By analysing ambulance data from across the country, the project has the potential to set international standards and inform suicide prevention efforts globally.

Ambulances are often the first point of contact with someone who is suicidal, making ambulance clinical records a unique data source to help inform suicide prevention efforts.

Through this project, it is anticipated that Turning Point will uncover critical suicide trends and potential points of intervention to better inform policy and public health responses.

Partnership with Blue Ribbon Foundation to provide lifesaving heart and lung services at Box Hill Hospital

In honour of Victoria Police Officers who have made the ultimate sacrifice for their community, Blue Ribbon Foundation has partnered with Eastern Health to establish a Critical Circulatory Support Service at Box Hill Hospital.

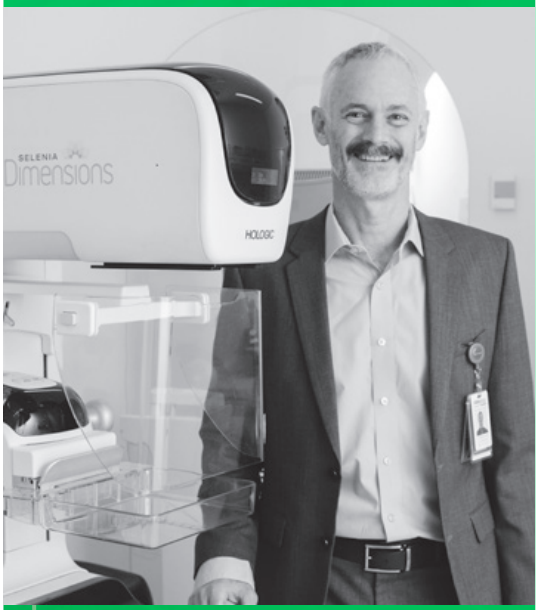
With thanks to Blue Ribbon Foundation and other generous supporters, Box Hill Hospital will be able to immediately treat any patient experiencing life threatening heart and/or lung failure.

This new artificial heart-lung support service is led by Eastern Health's Cardiology and Intensive Care Unit teams. Donations have been used to purchase equipment and establish a training centre for Eastern Health clinicians.

PHILANTHROPY AT WORK

With thanks to our most generous donors, the following lifesaving equipment has been funded this year:

- High-tech 'smart' bed for cancer patients
- 3D mammogram technology for Eastern Health Breast and Cancer Centre patients
- Orthopaedic arthroscope for surgical patients
- Patient monitoring systems for Emergency Department patients
- World-class endoscopic ultrasound technology for gastroscopy patients
- Vital signs monitoring for stroke patients.



With thanks to community fundraising, the Eastern Health Breast and Cancer Centre in Ringwood East installed new 3D mammogram equipment which is now available to women who require assessment of breast problems discovered either by themselves or their Doctor, or through BreastScreening. Dr Darren Lockie (pictured), Director and Chief Radiologist at Maroondah BreastScreen, part of Eastern Health, said the new equipment was a wonderful addition to the new Centre, and will assist his team to provide the best possible service.

OUR PEOPLE

- Attracting and recruiting the best
- Creating a positive orientation experience
- Listening and engaging with our staff
- Fostering a workplace that lives the Eastern Health values
- Listening to what our staff tell us
- Strengthening leadership capabilities
- Recognising outstanding and loyal employees

Safe and timely processing of discharge prescriptions is a key way Eastern Health pharmacy directly contributes to patient flow. Lauren McDonald (pictured) is a clinical pharmacist at Eastern Health.

WORKING AT EASTERN HEALTH

EASTERN HEALTH IS COMMITTED TO STRENGTHENING OUR GREATEST ASSET: OUR PEOPLE. SUPPORTING AND DEVELOPING THEM IS CRITICAL TO OUR CONTINUED SUCCESS. OUR GOAL IS TO BE A HIGH-PERFORMING, SAFE AND VALUES-BASED ORGANISATION WITH A PASSIONATE AND DIVERSE WORKFORCE.

We will have inspiring leaders who are able to attract and retain the best people in health care. To deliver this, Eastern Health has been focused on attraction and recruitment, employee engagement, the Eastern Health values, leadership development and technology.

Focusing on these areas has been a vital part of delivering on Eastern Health's bold vision: ***"great care, everywhere, every time"***.

Attraction and recruitment

As part of our commitment to recruit candidates who have strong capabilities and are the right fit for Eastern Health, work to embed the tools and skills to recruit against the Eastern Health values is continuing. Over 78 leaders in the past 12 months have participated in a full-day workshop to develop their recruitment capability.

Furthermore, in an effort to recruit high-quality individuals in hard to fill roles and reduce EFT gaps, Eastern Health launched an employee referral program.

Research suggests that employee referral programs are a form of recruitment that can improve the quality of candidates and improve retention, and are linked with higher on the job performance.

At Eastern Health employees who have made a referral for identified hard to fill roles receive monetary rewards if and when the candidate is appointed to the role and successfully completes three and six months of employment.

Orientation

To ensure that our new employees are set up for success at Eastern Health, the Eastern Health orientation framework has been upgraded. The framework continues to include an online module, a face to face event, hub, checklist, buddy and mandatory training.

However, upgrades have been made including reducing the online module from 60 minutes to 15 minutes and updating the content of the face to face event to prioritise the Eastern Health values, the patient experience and employee wellbeing.

Following embedding these changes it is expected that Eastern Health will make a great first impression and the program will support increased productivity.

Leadership

As part of Eastern Health's commitment to creating a safe and values-based workplace and being a high-performing organisation, in 2019 Eastern Health launched the Eastern Health Leadership Series. The Eastern Health Leadership Series comprises three programs: Lead (team leader level), Empower (manager level), and Inspire (Associate Program Director/ Clinical and Corporate Director).

The design of each program has been informed by Eastern Health's leadership framework, consultation with leaders and executives, best-practice adult learning methodologies and evidence-based leadership theory. Each program is experienced over a 7 to 8-month period where skills and capabilities are developed over time, with many opportunities to practise in and outside the classroom. Research suggests that this approach increases on-the-job skill transfer and sustained behaviour change.

HIGHLIGHTS

42.82
average age of employees

18
age of youngest employee *(Health Care Worker Grade 1)*

86
age of oldest employee *(Visiting Medical Officer)*

78%
percentage of workforce that is female

90
number of nationalities that make up the Eastern Health workforce

23
number of staff who identify as Aboriginal and Torres Strait Islander

There were no staff who identified as other than male or female.

Furthermore, these leadership programs have a focus on occupational health, safety and wellbeing (OHSW) and aim to enable managers to provide strong leadership in driving a culture of safety. In addition to a full-day workshop on safety leadership, all participants are required to undertake an improvement project that strategically aligns to Eastern Health's priority OHSW risks (e.g. psychological wellbeing, occupational violence and manual handling).

These projects have generated a lot of energy and passion around the topic of staff safety, and provide participants with a platform to apply their newly developed safety leadership skills and knowledge.

The office of the Chief Medical Officer, with the support of People and Culture, has delivered leadership events for medical leaders at Eastern Health, known as the Thought Leadership Series. These events have been run triannually with the purpose of inspiring our medical leaders and providing individual learning and reflection. Additionally, the events provide medical leaders with an opportunity to network with other medical leaders. The event topics have included leadership, continuous change and doctor health and wellbeing and are all explored through guest speakers sharing their knowledge, views and personal stories.

Engagement

The People Matter Survey has been distributed to Eastern Health employees by the Victorian Public Sector Commission since 2012. The People Matter Survey measures employee engagement, job satisfaction, change management wellbeing and patient safety culture *(see page 31 for some key results).*

In 2018, Eastern Health achieved a response rate of 46 per cent, which was a five per cent increase on 2017. The survey results were shared with staff and action plans developed at organisation, program and work group levels.

The People Matter Organisation Action Plans aim to build on our strength in living our values and to improve our change management so that staff feel heard and informed when change is implemented across Eastern Health. Executing these action plans has been a key priority for Eastern Health as research indicates employee engagement drives healthcare quality and patient experience.

To acknowledge and celebrate the diversity of our staff and community Eastern Health celebrated Harmony Day. Harmony Day is an Australian Government initiative that encourages groups and organisations to celebrate Australian multiculturalism, inclusiveness, respect and belonging for all Australians. Eastern Health chose to celebrate Harmony Day through a photo competition. Entries were received from across Eastern Health and the winning entrants (Northside Peter James Centre) won with a photo that symbolised bringing cultures together. The team celebrated its win with an afternoon tea.

Eastern Health's Cool to be Kind campaign was held in November and December 2018. Led by the Communications Department, the six-week staff campaign aimed to recognise kindness at work. Whether towards patients, clients, volunteers or colleagues, even the smallest acts of kindness can have a big impact. Pictured is "Sunny", our Cool to be kind mascot (pictured with members of the People and Culture Directorate) who visited many sites and services to promote kindness. Staff got involved in a number of ways – by sending in their team photos and stories of kindness to share via social media, through our staff newsletter (Eastern Health Weekly) and nominating their "kind" staff member for the week or month. The campaign resonated with staff as it was a fun way to promote and embed our value of kindness.

Eastern Health Values in Action Appreciation Cards

Our values

The Eastern Health values reflect our understanding that, at its most fundamental level, health care is about people caring for people. The way we work together in healthcare teams and with patients, their families and our communities, requires of us to be kind, respectful, agile, humble and to strive for excellence in all that we do.

Eastern Health is committed to embedding these values in the way all staff work including through our recruitment practices, annual performance appraisal practices and staff recognition.

Values in Action Appreciation Cards were launched as a way to further embed our values and in celebration of the 2018 People Matter Survey results which suggested that living the values was a strength at Eastern Health. The cards are a simple tool for recognising great examples of our values in everyday actions.

The cards are for all Eastern Health employees to use to support leader to employee, peer to peer and employee to leader recognition across the organisation. Research suggests that the benefits of building a culture of recognition will include increased engagement, productivity, customer satisfaction and improved safety.

Recognition

In addition to our Values in Action Appreciation Cards, our reward and recognition framework includes the annual Aspire to Inspire (A2i) Awards, Nursing and Midwifery Awards, and site/program employee awards, as well as the provision of guidelines for local everyday reward and recognition.

A2i Awards

About 400 staff and guests attended Eastern Health's eighth annual Aspire to Inspire (A2i) Awards where the outstanding contributions of our staff and volunteers were acknowledged. Long-time staff members who marked 25, 30, 35 40, 45 and 50 years of service were also recognised at the red carpet event. Nominees from across all sites and programs were acknowledged for their commitment to exemplifying our values – **Patients First, Kindness, Respect, Excellence, Agility and Humility** – as well as key strategic priorities.

Winners of the 2018 Aspire to Inspire (A2i) Awards are, from left, Sam Ryan (Consumer Participation), Helen Brosnan (Respect), Dr Hamish Rodda (Excellence), Libby Teiwes (Humility), Carly Middlin (Patients First), Ivan Tarrant (Sustainability), Sally Wilkens (Closing the Health Gap), Kerrie Megee (Kindness), Michelle Taranto (Agility), Margot Serch (Volunteer), Rebecca Johnson (Workplace Safety and Wellbeing).

Nursing and midwifery awards

Excellence in nursing and midwifery

Eastern Health held the annual Nursing and Midwifery Excellence Awards on 7 May 2019.

The event celebrates the achievements of nursing and midwifery staff, acknowledging the supportive culture of learning, excellence in practice and commitment to patients and the community.

2019 award recipients:

Penny Newsome Medal – Eastern Health Graduate Award

Michaela Reiss
Maroondah Hospital
Emergency Department

De Voil Medal – Eastern Health Postgraduate Award

Ahmed Abdelmegeed
Ward 5.3 Paediatrics
Box Hill Hospital

Eastern Health Heather Beanland Preceptor Award

Geoff Brown
North Ward, Wantirna Health
(absent – accepted by Kathy Marshall)

Deakin University Chair in Nursing Research Award

Rebekah Howard
Upton House Mental Health
Box Hill Hospital

Chief Nursing and Midwifery Officer Award

Tanya Frost
Acute Stroke Nurse
Neurosciences – Box Hill Hospital

Recipients of the 2019 Nursing and Midwifery Excellence Awards

Eastern Health staff marked IDAHOBIT Day, the International Day Against Homophobia, Biphobia and Transphobia, on 17 May 2019 by wearing colours from the rainbow to show their support for our LGBTIQ+ clients, staff and volunteers. IDAHOBIT is a day to draw attention to the discrimination experienced by LGBTIQI+ people internationally. The day received overwhelming support from staff across the organisation. Pictured is the team at Koonung Clinic in their rainbow colours.

ROSTER ON

Eastern Health is implementing RosterOn.

This change will increase efficiencies by removing paper timesheets and automating calculation of pay entitlements. In return there will be a decreased number of errors, online roster access and simpler processes. In preparation for roll out in August 2019 a team has been working tirelessly in system design, testing, training and communications.

Social Media

Our social media following has continued to grow since we launched our channels in 2016.

	2016	2017	2018	2019
Facebook Likes	889	1938	3608	4768
Twitter Followers	1657	2064	2485	2730
LinkedIn Followers	5979	6765	8280	10916

** Numbers listed in these columns is at 30 June of each year.*

Workforce data

	2014-15	2015-16	2016-17	2017-18	2018-19
Full-Time	2628	2681	2726	2748	2850
Part-Time	4854	4982	5249	5403	5727
Casual	1201	1393	1462	1279	1385
TOTAL	**8683**	**9056**	**9437**	**9430**	**9962**

Most of our staff members work in the areas of nursing, medical, allied health and clinical support services, such as physiotherapy, occupational therapy, medical imaging and pathology. They are complemented by corporate, administrative and clerical staff. There has been a steady rise in the number of staff during the past five years as a result of increased demand, expanding programs and services, and the opening of new facilities and beds.

	JUNE CURRENT MONTH FTE		JUNE YEAR TO DATE FTE	
LABOUR CATEGORY	2018	2019	2018	2019
Nursing	2859.32	2965.67	2819.94	2914.85
Administrative and clerical	886.03	904.01	890.85	889.71
Medical support*	573.89	592.53	571.96	580.77
Hotel and allied services	310.65	316.26	316.12	313.40
Medical officers	121.12	123.25	120.35	120.13
Hospital medical officers	619.54	659.87	610.18	624.68
Sessional clinicians	210.55	222.00	192.58	208.48
Ancillary staff (allied health)	590.83	644.80	588.35	608.87

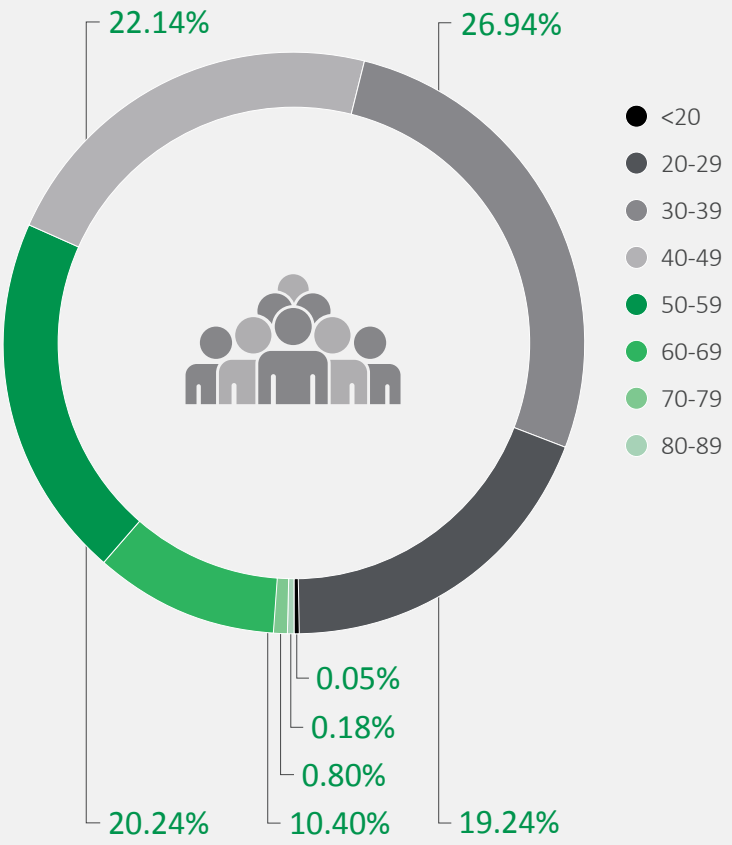
These figures exclude overtime. They do not include contracted staff i.e. agency nurses or fee for service visiting medical officers who are not regarded as employees for this purpose.

Breakdown of workforce – full-time equivalent staff

LABOUR CATEGORY	2014-15	2015-16	2016-17	2017-18	2018-19
Nursing	2611.5	2697.2	2822.9	2859.32	2965.67
Administrative and clerical	851.2	857.0	905.6	886.03	904.01
Medical support*	499.5	549.6	574.1	573.89	592.53
Hotel and allied services	293.1	297.7	315.4	310.65	316.26
Medical officers	120.0	115.0	124.7	121.12	123.25
Hospital medical officers	526.3	562.5	595.30	619.54	659.87
Sessional clinicians	155.1	176.7	180.5	210.55	222.00
Ancillary staff (allied health)	549.6	557.7	597.9	590.83	644.80
TOTAL	**5603.2**	**5813.4**	**6116.4**	**6171.93**	**6428.39**

** The medical support services category includes health professionals such as physiotherapists, speech pathologists, radiographers and medical scientists. Employees have been correctly classified in workforce data collections.*

Workforce age breakdown 2018-19



AGE GROUP (YEARS)	NUMBER OF STAFF	PERCENTAGE
<20	18	0.18
20-29	1917	19.24
30-39	2684	26.94
40-49	2206	22.14
50-59	2016	20.24
60-69	1036	10.40
70-79	80	0.80
80-89	5	0.05
TOTAL	**9962**	**100**

Cathy Somers is a Patient Services Assistant at Box Hill Hospital. She is pictured with Marie Hutchinson, a patient in Ward 7.1 at Box Hill Hospital.

Industrial relations

During 2018-19, Eastern Health had a number of enterprise bargaining agreements renegotiated or in the process of renegotiation.

The Fair Work Commission approved the:

- *AMA Victoria: Victorian Public Health Sector – Medical Specialists Enterprise Agreement 2018-2021*
- *AMA Victoria: Victorian Public Health Sector – Doctors in Training Enterprise Agreement 2018-2021*
- *Victorian Public Health Sector (Maintenance) Multi-Employer Agreement 2017-2021*
- *Victorian Public Health Sector (Biomedical Engineers) Enterprise Agreement 2018-2022*

There has not been any industrial action taken by employees during these negotiations and therefore there has been no lost time due to industrial action.

Employment and conduct principles

Eastern Health is an equal opportunity employer and treats all our staff and potential employees on their merits and without consideration of race, gender, age, marital status, religion or any other factor that is unlawfully discriminatory.

We are committed to providing a workplace that is free of discrimination and bullying. Any form of unlawful discrimination or bullying is unacceptable and appropriate action will be taken where behaviours which do not align with Eastern Health's values occur.

We are committed to the employment principles outlined in the Victorian Government's *Public Administration Act 2004*, enshrining the core and enduring public sector values of responsiveness, integrity, impartiality, accountability, respect, support for human rights, and leadership.

Our people policies and procedures support:

- Employment decisions based on merit
- People being treated fairly and reasonably
- Provision of equal opportunity
- A safe and healthy work environment
- Human rights, as set out in the *Charter of Human Rights and Responsibilities Act 2006 (Vic)*
- People being provided with reasonable redress against unfair or unreasonable treatment
- Fostering career pathways in the public healthcare sector.

Margot Serch has been volunteering at Wellington House for the past 20 years, providing a broad range of support to Alcohol and Other Drug clients on a one on one basis. She is empathetic, compassionate and has been able to engage with clients identified as "challenging". A retired nurse, Margot still has the desire to assist vulnerable members of our community. Margot was the recipient of the volunteer award at the Eastern Health A2i Awards in 2018.

OUR VOLUNTEERS

In 2018-2019:

790 volunteers

106 programs

10 sites

189,600 hours of service

In 2018-2019, 790 volunteers provided approximately 189,600 hours of service in 98 programs across 10 sites. While the dollar value to Eastern Health equates to approximately $4.5 million, the qualitative value is immeasurable in terms of the difference this workforce makes to the experience of our patients, carers, staff and the community.

Our volunteers provide support for a range of services and programs across Eastern Health. These include fundraising, acting as welcome ambassadors, assisting staff and patients in the emergency departments, cancer services, palliative care, falls prevention and wellbeing, rehabilitation, mental health, spiritual care, medical imaging, respiratory laboratory, nutrition services, patient transport, the patient library, pet therapy visits, aged care activities and hospital in the home.

In addition, in early 2019 a new group of dedicated volunteers were recruited to assist patients, their families and staff in the Department of Paediatrics and the Special Care Nursery.

DISCLOSURE INDEX

THE ANNUAL REPORT OF EASTERN HEALTH IS PREPARED IN ACCORDANCE WITH ALL RELEVANT VICTORIAN LEGISLATION. THIS INDEX HAS BEEN PREPARED TO FACILITATE IDENTIFICATION OF EASTERN HEALTH'S COMPLIANCE WITH STATUTORY DISCLOSURE REQUIREMENTS.

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	1
FRD 22H	Purpose, functions, powers and duties	42
FRD 22H	Nature and range of services provided	12-13
FRD 22H	Activities, programs and achievements for the reporting period	19-35
FRD 22H	Significant changes in key initiatives and expectations for the future	2-6
Management and structure		
FRD 22H	Organisational structure	40
FRD 22H	Workforce data/employment and conduct principles	54-56
FRD 22H	Occupational Health and Safety	15-16
Financial and other information		
FRD 10A	Summary of the financial results for the year	7
FRD 11A	Significant changes in financial position during the year	6
FRD 21C	Operational and budgetary objectives and performance against objectives	6
FRD 22H	Subsequent events	111
FRD 22H	Details of consultancies under $10,000	34
FRD 22H	Details of consultancies over $10,000	34
Legislation		
FRD 22H	Application and operation of *Freedom of Information Act 1982*	36
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	36
FRD 22H	Application and operation of *Protected Disclosure Act 2012*	36
FRD 22H	Statement on National Competition Policy	37
FRD 22H	Application and operation of *Carers Recognition Act 2012*	37
FRD 22H	Summary of the entity's environmental performance	34-35
FRD 22H	Additional information available on request	38

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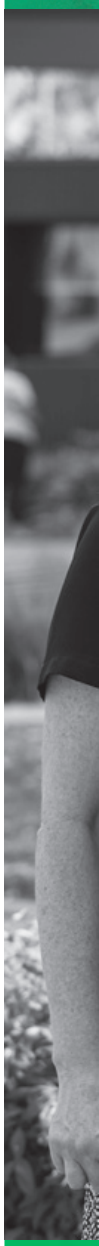
LEGISLATION	REQUIREMENT	PAGE REFERENCE
Other relevant reporting directives		
FRD 25C	Victorian Industry Participation Policy disclosures	37
SD 5.1.4	Financial Management Compliance attestation	38
SD 5.2.3	Declaration in report of operations	1
Attestations		
Attestation on Data Integrity		38
Attestation on Managing Conflicts of Interest		38
Attestation on Integrity, Fraud and Corruption		38
Other reporting requirements		
Reporting of outcomes from Statement of Priorities 2018–19		19-33
Occupational Violence reporting		16
Reporting of compliance with Health Purchasing Victoria policy		37
Reporting obligations under the *Safe Patient Care Act 2015*		37
Reporting of compliance regarding Car Parking Fees (if applicable)		37



OUR FINANCIAL STATEMENTS

2018-19

As well as during business hours, our GP Clinic team (pictured) at Healesville Hospital and Yarra Valley Health provides high-quality GP services at night, weekends and public holidays.

CONTENTS

BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for Eastern Health have been prepared in accordance with Directions 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of Eastern Health as at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on this day.

MR TASS MOUSAFERIADIS
Chair (on behalf of the board)

ADJUNCT PROFESSOR DAVID PLUNKETT
Chief Executive
Eastern Health

MR GEOFF CUTTER
Chief Finance Officer
Eastern Health

8 August 2019
(Box Hill – Melbourne)

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Board of Eastern Health

Opinion

I have audited the financial report of Eastern Health (the health service) which comprises the:

- balance sheet as at 30 June 2019
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the financial report

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
16 August 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

EASTERN HEALTH

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $'000	2018 $'000
Income from Transactions			
Operating Activities	2.1	1,098,337	1,069,027
Non-Operating Activities	2.1	1,847	1,374
TOTAL INCOME FROM TRANSACTIONS		**1,100,184**	**1,070,401**
Expenses from Transactions			
Employee Expenses	3.1	(799,329)	(740,285)
Non-Salary Labour Costs	3.1	(4,912)	(4,867)
Supplies and Consumables	3.1	(163,420)	(163,549)
Finance Costs		(783)	(773)
Depreciation and Amortisation	4.3	(67,070)	(69,042)
Other Operating Expenses	3.1	(108,946)	(102,380)
TOTAL EXPENSES FROM TRANSACTIONS		**(1,144,460)**	**(1,080,896)**
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE		**(44,276)**	**(10,495)**
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.3	(1,773)	36
Net Gain/(Loss) on Financial Instruments at Fair Value	3.3	(1,698)	(826)
Other Gain/(Loss) from Other Economic Flows	3.3	(13,685)	(1,916)
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		**(17,156)**	**(2,706)**
NET RESULT FOR THE YEAR		**(61,432)**	**(13,201)**
Other Comprehensive Income			
Items That Will Not Be Reclassified To Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(b)	404,019	61,008
TOTAL OTHER COMPREHENSIVE INCOME		**404,019**	**61,008**
COMPREHENSIVE RESULT FOR THE YEAR		**342,587**	**47,807**

This Statement should be read in conjunction with the accompanying notes.

EASTERN HEALTH
BALANCE SHEET
AS AT 30 JUNE 2019

	NOTE	2019 $'000	2018 $'000
Assets			
Current Assets			
Cash and Cash Equivalents	6.3	66,031	41,017
Receivables	5.1	28,043	26,914
Investments and Other Financial Assets	4.1	-	8,207
Inventories		5,096	4,870
Prepayments		2,817	2,307
TOTAL CURRENT ASSETS		**101,987**	**83,315**
Non-Current Assets			
Receivables	5.1	52,196	42,663
Property, Plant and Equipment	4.2(a)	1,262,442	885,070
Intangible Assets	4.4	18,390	22,205
TOTAL NON-CURRENT ASSETS		**1,333,028**	**949,938**
TOTAL ASSETS		**1,435,015**	**1,033,253**
Liabilities			
Current Liabilities			
Payables	5.3	104,084	91,813
Borrowings	6.1	2,229	1,867
Provisions	3.4	183,089	152,348
Other Current Liabilities	5.2	15,271	13,282
TOTAL CURRENT LIABILITIES		**304,673**	**259,310**
Non-Current Liabilities			
Borrowings	6.1	25,477	18,664
Provisions	3.4	36,068	30,576
TOTAL NON-CURRENT LIABILITIES		**61,545**	**49,240**
TOTAL LIABILITIES		**366,218**	**308,550**
NET ASSETS		**1,068,797**	**724,703**
Equity			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	682,096	278,077
Restricted Specific Purpose Surplus		34,321	31,623
Contributed Capital		247,762	247,762
Accumulated Surpluses/(Deficits)		104,618	167,241
TOTAL EQUITY		**1,068,797**	**724,703**

This Statement should be read in conjunction with the accompanying notes.

EASTERN HEALTH

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

2018	PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS $'000	RESTRICTED SPECIFIC PURPOSE SURPLUS $'000	CONTRIBUTED CAPITAL $'000	ACCUMULATED SURPLUSES $'000	TOTAL $'000
Balance at 1 July 2017	**217,069**	**30,553**	**247,546**	**181,512**	**676,680**
Net Result for the Year	-	-	-	(13,201)	(13,201)
Other Comprehensive income for the Year	61,008	-	-	-	61,008
Transfer from/(to) Accumulated Surpluses	-	1,070	-	(1,070)	-
Receipt/(Return) of Contributed Capital	-	-	216	-	216
Balance at 30 June 2018	**278,077**	**31,623**	**247,762**	**167,241**	**724,703**

2019	PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS $'000	RESTRICTED SPECIFIC PURPOSE SURPLUS $'000	CONTRIBUTED CAPITAL $'000	ACCUMULATED SURPLUSES $'000	TOTAL $'000
Transfer to Accumulated Surpluses - Asset Reclassification	-	-	-	1,507	1,507
Net Result for the Year	-	-	-	(61,432)	(61,432)
Other Comprehensive Income for the Year	404,019	-	-	-	404,019
Transfer from/(to) Accumulated Surpluses	-	2,698	-	(2,698)	-
Balance at 30 June 2019	**682,096**	**34,321**	**247,762**	**104,618**	**1,068,797**

This Statement should be read in conjunction with the accompanying notes.

EASTERN HEALTH

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Operating Grants from Government		945,668	896,461
Capital Grants from Government		20,070	54,303
Patient and Resident Fees Received		48,582	48,725
Recoupment from Private Practice for use of Hospital Facilities		30,284	28,463
Donations and Bequests Received		2,108	2,240
GST Received from ATO		25,393	26,296
Interest Received		1,653	1,652
Car Park Income Received		7,145	6,531
Other Receipts		39,115	35,634
TOTAL RECEIPTS		**1,120,018**	**1,100,305**
Employee Benefits Paid		(777,950)	(719,505)
Fee for Service Medical Officers		(2,004)	(2,163)
Payments for Supplies and Consumables		(186,830)	(196,578)
Finance Costs		(783)	(773)
Payments for Insurance		(15,761)	(16,029)
Payments for Repairs and Maintenance		(23,902)	(19,520)
Payments for Fuel, Light and Power		(9,925)	(9,478)
Other Payments		(58,872)	(58,258)
TOTAL PAYMENTS		**(1,076,027)**	**(1,022,304)**
NET CASH INFLOW FROM/(USED IN) OPERATING ACTIVITIES	**8.1**	**43,991**	**78,001**
Cash Flows from Investing Activities			
Purchase of Non-Financial Assets		(35,557)	(48,355)
Proceeds from Disposal of Non-Financial Assets		822	271
Purchase of Investments		-	(1,461)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(34,735)**	**(49,545)**
Cash Flows from Financing Activities			
Contributed Capital from Government		-	216
Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria		5,899	(658)
Receipt/(Repayment) of Borrowings from Department of Health and Human Services		(1,167)	7,000
Receipt of Aged Care Accommodation Deposits		11,199	1,461
Finance Lease Repayments		(173)	-
NET CASH FLOWS/(USED IN) FINANCING ACTIVITIES		**15,758**	**8,019**
NET INCREASE/(DECREASE) IN CASH HELD		**25,014**	**36,475**
Cash and Cash Equivalents at Beginning of Year		41,017	4,542
CASH AND CASH EQUIVALENTS AT END OF YEAR	**6.3**	**66,031**	**41,017**
Represented by:			
Monies for Health Service Operations		54,832	41,017
Monies held in trust - accommodation deposits		11,199	-
		66,031	**41,017**

This Statement should be read in conjunction with the accompanying notes.

BASIS OF PRESENTATION

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Eastern Health for the period ending 30 June 2019. The report provides users with information about Eastern Health's stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements are general purpose financial reports which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant authorised Standing Directions (SDs).

Eastern Health is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" Health Services under the AAS's.

(b) Reporting entity

The financial statements include all the controlled activities of Eastern Health.

The principal address is:

5 Arnold Street
Box Hill
Victoria 3128

A description of the nature of Eastern Health's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

(c) Basis of accounting preparation and measurement

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The going concern basis was used to prepare the financial statements *(refer Note 8.8 Economic Dependency)*

These financial statements are presented in Australian dollars, the functional and presentation currency of Eastern Health.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Eastern Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

Eastern Health's Capital and Specific Purpose Funds include DHHS capital, information technology projects plus unspent donations and receipts from fund-raising activities conducted solely in respect of these funds.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment, *(refer to Note 4.2 Property, plant and equipment);*
- defined benefit superannuation expense *(refer to Note 3.5 Superannuation);* and
- employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates *(refer to Note 3.4 Employee Benefits).*

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

Commitments and contingent assets and liabilities are presented on a gross basis.

(d) Equity

Contributed Capital

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Eastern Health.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where Eastern Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(e) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at the following Notes:

- 2.1: Income from Transactions;
- 3.1: Expenses from Transactions;
- 3.4: Employee Benefits in the Balance Sheet;
- 5.3: Payables; and
- 7.1: Financial Instruments.

NOTE 2:
FUNDING DELIVERY OF OUR SERVICES

Eastern Health's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable Eastern Health to fulfil its objective it receives income based on parliamentary appropriations. It also receives income from the provision of services.

Structure

2.1: Income from transactions

Note 2.1: Income from transactions

	2019 $'000	2018 $'000
Government Grants - Operating	951,787	894,963
Government Grants - Capital	20,123	55,599
Patient and Resident Fees	50,815	48,820
Private Practice Fees	30,214	28,040
Commercial Activities[1]	29,877	26,817
Other Revenue from Operating Activities (including non-capital donations)	15,521	14,788
TOTAL INCOME FROM OPERATING ACTIVITIES	**1,098,337**	**1,069,027**
Other Interest	1,847	1,374
TOTAL INCOME FROM NON-OPERATING ACTIVITIES	**1,847**	**1,374**
TOTAL INCOME FROM TRANSACTIONS	**1,100,184**	**1,070,401**

[1] *Commercial activities represent business activities which Eastern Health enters into to support their operations.*

Note 2.1: Income from transactions *(continued)*

Revenue recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Eastern Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue, where applicable, are net of returns, allowances and duties and taxes.

Government grants and other transfers of income (other than contributions by owners)

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when Eastern Health gains control of the underlying assets irrespective of whether conditions are imposed on Eastern Health's use of the contributions.

The Department of Health and Human Services makes certain payments on behalf of Eastern Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue.

Contributions are deferred as income in advance when Eastern Health has a present obligation to repay them and the present obligation can be reliably measured.

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of Eastern Health as follows:

- the Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services; and
- long service leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.

Patient and resident fees

Patient and resident fees are recognised as revenue on an accruals basis.

Private practice fees

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

Revenue from commercial activities

Revenue from commercial activities such as car parks is recognised at the time invoices are raised.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset, which allocates interest over the relevant period.

Other income

Other income is generally recognised as revenue on an accrual basis except for donations that are recognised when received. Major components of other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

NOTE 3:
THE COST OF DELIVERING OUR SERVICES

This section provides an account of the expenses incurred by Eastern Health in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

Note 3.1: Expenses from transactions

	NOTE	2019 $'000	2018 $'000
Salaries and Wages		703,491	653,316
On-costs		88,750	78,344
Agency Expenses		2,459	2,499
Fee for Service Medical Officer Expenses		2,453	2,368
Workcover Premium		7,088	8,625
TOTAL EMPLOYEE EXPENSES		**804,241**	**745,152**
Drug Supplies		54,717	56,474
Medical and Surgical Supplies (including Prostheses)		80,209	78,910
Food		22,243	22,173
Other Supplies and Consumables		6,251	5,992
TOTAL SUPPLIES AND CONSUMABLES		**163,420**	**163,549**
Domestic Expenses		19,230	19,435
Fuel, Light and Power		9,925	9,478
Insurance (incl. Medical Indemnity)		15,761	16,029
Repairs and Maintenance		11,159	10,744
Maintenance Contracts		12,742	8,776
Other Administrative Expenses		40,129	37,918
TOTAL OTHER OPERATING EXPENSES		**108,946**	**102,380**
TOTAL FINANCE COSTS		**783**	**773**
Depreciation and Amortisation	4.3	67,070	69,042
TOTAL OTHER NON-OPERATING EXPENSES		**67,070**	**69,042**
TOTAL EXPENSES FROM TRANSACTIONS		**1,144,460**	**1,080,896**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Note 3.1: Expenses from transactions *(continued)*

Employee expenses

Employee expenses include:

- salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- on-costs;
- agency expenses;
- fee for service medical officer expenses; and
- workcover premium.

Supplies and consumables

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Finance costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases which are recognised in accordance with AASB 117 *Leases.*

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- fuel, light and power;
- repairs and maintenance; and
- other administrative expenses.

The Department of Health and Human Services also makes certain payments on behalf of Eastern Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Analysis of expense and revenue by internally managed and restricted specific purpose funds

	EXPENSES		REVENUE	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Commercial Activities				
Private Practice and Other Patient Activities	2,902	2,223	3,712	3,921
Car Park	1,990	1,909	7,145	6,531
Property Income	752	611	1,977	1,745
TOTAL COMMERCIAL ACTIVITIES	**5,644**	**4,743**	**12,834**	**12,197**
Other Activities				
Education and Training	2,201	2,317	1,763	1,329
Catering	343	338	434	427
Other	5,976	3,175	3,229	1,939
Equipment Funds Transfer	-	-	2,809	2,965
Commissions	728	850	3,802	3,948
Interest	-	-	1,624	1,370
Fundraising and Community Support	1,178	1,046	2,368	2,240
Research and Scholarship	805	1,532	2,637	1,772
TOTAL OTHER ACTIVITIES	**11,231**	**9,258**	**18,666**	**15,990**
TOTAL	**16,875**	**14,001**	**31,500**	**28,187**

Note 3.3: Other economic flows included in net result

	2019 $'000	2018 $'000
Net Gain/(Loss) on No-Financial Assets		
Net Gain/(Loss) on Disposal of Non-Financial Assets	(1,773)	36
NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS	**(1,773)**	**36**
Net Gain/(Loss) on Financial Instruments at Fair Value		
Bad Debts Written Off	(669)	(804)
Allowance for Impairment Losses of Contractual Receivables	(1,029)	(22)
TOTAL NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS AT FAIR VALUE	**(1,698)**	**(826)**
Other Gain/(Loss) from Other Economic Flows		
Net Gain/(Loss) arising from the Revaluation of Long Service Leave	(13,685)	(1,916)
TOTAL OTHER GAIN/(LOSS) FROM OTHER ECONOMIC FLOWS	**(13,685)**	**(1,916)**
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT	**(17,156)**	**(2,706)**

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

a. Non-financial assets

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

- revaluation gains/ (losses) of non-financial physical assets *(Refer to Note 4.2 Property plant and equipment);*
- net gain/ (loss) on disposal of non-financial assets; and
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

b. Financial instruments at fair value

Net gain/ (loss) on financial instruments at fair value includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost *refer to Note 5.1 Receivables;* and
- disposals of financial assets and de-recognition of financial liabilities.

c. Other economic flows

- other gains/ (losses) include:
- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or de-recognition or reclassification.

Note 3.4: Employee benefits in the balance sheet

	2019 $'000	2018 $'000
Current Provisions		
Employee Benefits[i] (Note 3.4(a))		
Accrued Days Off		
Unconditional and Expected to be settled within 12 months[ii]	1,221	941
Annual Leave		
Unconditional and Expected to be settled within 12 months[ii]	45,133	39,632
Unconditional and Expected to be settled after 12 months[iii]	7,547	6,663
Long Service Leave (Note 3.4(a))		
Unconditional and Expected to be settled within 12 months[ii]	13,047	12,493
Unconditional and Expected to be settled after 12 months[iii]	98,763	78,240
TOTAL	**165,711**	**137,969**
Provisions Related to Employee Benefit on-costs		
Unconditional and Expected to be settled within 12 months[ii]	6,121	5,390
Unconditional and Expected to be settled after 12 months[iii]	11,257	8,989
TOTAL	**17,378**	**14,379**
TOTAL CURRENT PROVISIONS	**183,089**	**152,348**
Non-Current Provisions		
Employee Benefits[i] (Note 3.4 (a))	32,613	27,650
Provisions related to employee benefit on-costs	3,455	2,926
TOTAL NON-CURRENT PROVISIONS	**36,068**	**30,576**
TOTAL PROVISIONS	**219,157**	**182,924**
(a) Employee Benefits and Related On-Costs		
Current		
Unconditional Long Service Leave Entitlements	111,810	90,733
Annual Leave Entitlements	52,680	46,295
Accrued Day Off	1,221	941
Current On-Costs	17,378	14,379
Non-Current		
Conditional Long Service Leave Entitlements	32,613	27,650
Non-Current On-Costs	3,455	2,926
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**219,157**	**182,924**
(b) Movement in Provisions		
Movement in Long Service Leave		
Balance at Start of Year	132,759	118,592
Provision Recognising Employee Service During the Year	27,201	22,966
Effect of Changes in the Discount Rate	13,685	1,916
Settlement Made During the Year	(13,920)	(10,715)
BALANCE AT THE END OF THE YEAR	**159,725**	**132,759**

(i) Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present values.

Note 3.4: Employee benefits in the balance sheet *(continued)*

Employee benefit recognition

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions

Provisions are recognised when Eastern Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as current liabilities, because Eastern Health does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of the settlement, liabilities for annual leave and accrued days off are measured at:

- nominal value:
  if Eastern Health expects to wholly settle within12 months; or
- present value:
  if Eastern Health does not expect to wholly settle within 12 months.

Long service leave (LSL)

The liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL (representing 10 or more years of continuous service) is disclosed in notes to the financial statements as a current liability even where Eastern Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- nominal value:
  if Eastern Health expects to wholly settle within12 months; or
- present value:
  if Eastern Health does not expect to wholly settle within 12 months.

Conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

On-Costs related to employee expense

Provisions for on-costs such as workers compensation and superannuation are recognised separately from the provisions for employee benefits.

Note 3.5: Superannuation

	PAID CONTRIBUTION FOR THE YEAR		CONTRIBUTION OUTSTANDING AT YEAR END	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Defined Benefit Plans[(i)]				
First State Superannuation Fund	522	627	41	16
Defined Contribution Plans				
First State Superannuation Fund	32,225	33,913	2,582	784
HESTA Superannuation Fund	19,456	18,471	1,706	545
TOTAL	**52,203**	**53,011**	**4,329**	**1,345**

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Employees of Eastern Health are entitled to receive superannuation benefits and Eastern Health contributes to both the defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

Defined contribution superannuation plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by Eastern Health to the superannuation plans in respect of the services of current Eastern Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Eastern Health does not recognise any defined benefit liability in respect of the plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance discloses the state's defined benefits liabilities in its disclosure for administered items.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of Eastern Health.

The name, details and amounts of the expense in relation to the major employee superannuation funds and contributions made by Eastern Health are disclosed above.

NOTE 4:
KEY ASSETS TO SUPPORT SERVICE DELIVERY

Eastern Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Eastern Health to be utilised for delivery of those outputs.

Structure

Note 4.1: Investments and other financial assets

	FINANCIAL ASSETS AT AMORTISED COST		TOTAL	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current				
Contractual Financial Assets				
Investments and Other Financial Assets				
Term Deposits >= 3 months	-	8,207	-	8,207
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**-**	**8,207**	**-**	**8,207**
Represented By:				
Monies Held in Trust				
Accommodation Bonds (Refundable Entrance Fees)	-	8,207	-	8,207
TOTAL	**-**	**8,207**	**-**	**8,207**

Investments and other financial assets

Eastern Health's investments must be in accordance with Standing Direction 3.7.2 – Treasury and Investment Risk Management, including Central Banking System. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified as Financial Assets at Amortised Cost.

Eastern Health classifies its financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

Impairment of financial assets

At the end of each reporting period, Eastern Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

Note 4.2: Property, plant and equipment

Initial recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

The initial cost for non-financial physical assets under finance lease *(refer to Note 6.1)* is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

Revaluations of non-current physical assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-Current Physical Assets.* This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H, Eastern Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purpose of fair value disclosures, Eastern Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Eastern Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Eastern Health's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1:
  quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2:
  valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3:
  valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Consideration of highest and best use (HBU) for non-financial physical assets

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with paragraph AASB 13.29, Eastern Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Non-specialised land, non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised land and specialised buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, Eastern Health held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

Eastern Health uses the depreciated replacement cost method for the majority of its specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Eastern Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO (mainly 20%). The effective date of the valuation is 30 June 2019.

Vehicles

For owned vehicles, Eastern Health, at times, disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Eastern Health which sets relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

All new vehicles are now acquired through a finance lease facility with VicFleet. The intention is to hold these vehicles until the end of their lease and depreciation rates are set accordingly. As a result, the fair value of leased vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and equipment

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value.

Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

Note 4.2: Property, plant and equipment *(continued)*

(a) Property, plant and equipment – gross carrying amount and accumulated depreciation

	2019 $'000	2018 $'000
Land		
Land at Fair Value	194,155	108,989
TOTAL LAND	**194,155**	**108,989**
Buildings		
Buildings at Cost	-	13,711
Less Accumulated Depreciation	-	(236)
TOTAL BUILDINGS AT COST	**-**	**13,475**
Buildings Under Construction at Cost	**28,917**	**30,466**
Buildings at Fair Cost	991,471	674,441
Less Accumulated Depreciation	-	-
TOTAL BUILDINGS AT FAIR COST	**991,471**	**674,441**
TOTAL BUILDINGS	**1,020,388**	**718,382**
Leasehold Improvements		
Leasehold Improvements	7,775	7,573
Less Accumulated Depreciation	(5,987)	(5,455)
TOTAL LEASEHOLD IMPROVEMENTS	**1,788**	**2,118**
Pland and Equipment		
Medical Equipment Fair Value	90,701	111,927
Less Accumulated Depreciation	(60,201)	(75,730)
TOTAL MEDICAL EQUIPMENT	**30,500**	**36,197**
Computers and Communication at Fair Value	50,386	49,717
Less Accumulated Depreciation	(46,995)	(42,500)
TOTAL COMPUTERS AND COMMUNICATIONS EQUIPMENT	**3,391**	**7,217**
Assets Under Construction	4,518	2,659
TOTAL PLANT AND EQUIPMENT	**38,409**	**46,073**
Motor Vehicles		
Motor Vehicles at Fair Value	6,197	6,350
Less Accumulated Depreciation	(3,910)	(5,234)
TOTAL MOTOR VEHICLES	**2,287**	**1,116**
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES	**40,696**	**47,189**
Furniture and Fittings		
Furniture and Fittings	14,959	27,073
Less Accumulated Depreciation	(9,544)	(18,681)
TOTAL FURNITURE AND FITTINGS	**5,415**	**8,392**
TOTAL	**1,262,442**	**885,070**

Note 4.2: Property, plant and equipment *(continued)*

(b) Reconciliation of the carrying amounts of each class of assets at the beginning of the previous and current financial year is set out below

	LAND $'000	BUILDINGS AND LEASEHOLD IMPROVEMENTS $'000	BUILDING CAPITAL WORK IN PROGRESS $'000	PLANT AND EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	MOTOR VEHICLES $'000	TOTAL $'000
Balance at 1 July 2017	**108,989**	**655,021**	**25,594**	**54,564**	**9,268**	**1,750**	**855,186**
Additions	-	4,008	38,831	2,930	892	128	46,789
Assets Transferred as Capital Contributions	-	11,929	(16,467)	4,106	432	-	-
Net Transfer Between Classes	-	-	(17,492)	-	-	-	(17,492)
Disposals	-	-	-	(33)	(5)	(196)	(234)
Depreciation (Note 4.3)	-	(41,932)	-	(15,494)	(2,195)	(566)	(60,187)
Revaluation Increments/ (Decrements)	-	61,008	-	-	-	-	61,008
Balance at 1 July 2018	**108,989**	**690,034**	**30,466**	**46,073**	**8,392**	**1,116**	**885,070**
Asset Reclassification via Equity	-	(753)	-	-	2,260	-	1,507
Additions	-	2,197	25,802	3,912	642	2,085	34,638
Net Transfer Between classes	-	24,008	(27,351)	5,312	(4,459)	-	(2,490)
Disposals	-	-	-	(2,134)	(186)	(274)	(2,594)
Depreciation (Note 4.3)	-	(41,080)	-	(14,754)	(1,234)	(640)	(57,708)
Revaluation Increments/ (Decrements)	85,166	318,853	-	-	-	-	404,019
Balance at 30 June 2019	**194,155**	**993,259**	**28,917**	**38,409**	**5,415**	**2,287**	**1,262,442**

Note 4.2: Property, plant and equipment *(continued)*

(c) Fair value measurement hierarchy for assets as at 30 June 2019

	CARRYING AMOUNT AS AT 30 JUNE 2019 $'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 [1] $'000	LEVEL 2 [1] $'000	LEVEL 3 [1] $'000
Land at Fair Value				
Non-Specialised Land	3,788	-	3,788	-
Specialised Land	190,367	-	-	190,367
TOTAL OF LAND AT FAIR VALUE	**194,155**	**-**	**3,788**	**190,367**
Buildings at Fair Value				
Non-Specialised Buildings	20,890	-	20,890	-
Specialised Buildings	970,581	-	-	970,581
TOTAL OF BUILDINGS AT FAIR VALUE	**991,471**	**-**	**20,890**	**970,581**
Plant and Equipment at Fair Value				
Vehicles	2,287	-	-	2,287
Plant and Equipment	33,891	-	-	33,891
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**36,178**	**-**	**-**	**36,178**
Furniture and Fittings at Fair Value				
Furniture and Fittings	5,415	-	-	5,415
TOTAL OF FURNITURE AND FITTINGS AT FAIR VALUE	**5,415**	**-**	**-**	**5,415**
TOTAL	**1,227,219**	**-**	**24,678**	**1,202,541**

[1] *Classified in accordance with the fair value hierarchy.*

Note 4.2: Property, plant and equipment *(continued)*

(c) Fair value measurement hierarchy for assets as at 30 June 2018

	CARRYING AMOUNT AS AT 30 JUNE 2018 $'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 [1] $'000	LEVEL 2 [1] $'000	LEVEL 3 [1] $'000
Land at Fair Value				
Non-Specialised Land	686	-	686	-
Specialised Land	108,303	-	-	108,303
TOTAL OF LAND AT FAIR VALUE	**108,989**	**-**	**686**	**108,303**
Buildings at Fair Value				
Non-Specialised Buildings	25,045	-	25,045	-
Specialised Buildings	649,396	-	-	649,396
TOTAL OF BUILDINGS AT FAIR VALUE	**674,441**	**-**	**25,045**	**649,396**
Plant and Equipment at Fair Value				
Vehicles	1,116	-	-	1,116
Plant and Equipment	43,414	-	-	43,414
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**44,530**	**-**	**-**	**44,530**
Furniture and Fittings at Fair Value				
Furniture and Fittings	8,392	-	-	8,392
TOTAL OF FURNITURE AND FITTINGS AT FAIR VALUE	**8,392**	**-**	**-**	**8,392**
TOTAL	**836,352**	**-**	**25,731**	**810,621**

[1] *Classified in accordance with the fair value hierarchy.*

Note 4.2: Property, plant and equipment *(continued)*

(d) Reconciliation of Level 3 fair value as at 30 June 2019

30 JUNE 2019	LAND $'000	BUILDINGS $'000	PLANT AND EQUIPMENT $'000	FURNITURE FITTINGS $'000
Opening Balance	**108,303**	**649,396**	**44,530**	**8,392**
Asset Reclassification via Equity	-	(753)	-	2,260
Additions/(Disposals)	-	26,205	1,730	456
Transfers In/(Out) of Level 3	-	14,176	5,312	(4,459)
Gains/(Losses) Recognised in Net Result:				
Depreciation	-	(37,296)	(15,394)	(1,234)
SUBTOTAL	**-**	**2,332**	**(8,352)**	**(2,977)**
Items Recognised in Other Comprehensive Income:				
Revaluation	82,064	318,853	-	-
SUBTOTAL	**82,064**	**318,853**	**-**	**-**
CLOSING BALANCE	**190,367**	**970,581**	**36,178**	**5,415**

(d) Reconciliation of Level 3 fair value as at 30 June 2018

30 JUNE 2018	LAND $'000	BUILDINGS $'000	PLANT AND EQUIPMENT $'000	FURNITURE FITTINGS $'000
Opening Balance	**108,303**	**255,616**	**54,479**	**9,269**
Additions/(Disposals)	-	-	6,111	1,318
Transfers In/(Out) of Level 3	-	359,657	-	-
Gains/(Losses) Recognised in Net Result:				
Depreciation	-	(24,403)	(16,060)	(2,195)
SUBTOTAL	**-**	**335,254**	**(9,949)**	**(877)**
Items Recognised in Other Comprehensive Income:				
Revaluation	-	58,526	-	-
SUBTOTAL	**-**	**58,526**	**-**	**-**
CLOSING BALANCE	**108,303**	**649,396**	**44,530**	**8,392**

Note 4.2: Property, plant and equipment *(continued)*

(e) Description of significant unobservable inputs to Level 3 valuations

ASSET CLASS	LIKELY VALUATION APPROACH	SIGNIFICANT INPUTS (LEVEL 3 ONLY)
Specialised land		
All Land held by Eastern Health except for land used for the construction of the new Maroondah Hospital Car Park	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings		
All Buildings held by Eastern Health except 5 Arnold Street, Box Hill	Depreciated replacement cost	• Direct cost per square metre • Useful life of specialised buildings
Plant and equipment at fair value		
All plant and equipment owned by Eastern Health	Depreciated replacement cost	• Cost per unit • Useful life of PPE
Vehicles		
All vehicles owned by Eastern Health	Depreciated replacement cost	• Cost per unit • Useful life of Vehicles
Furniture and fittings at fair value		
All furniture and fittings owned by Eastern Health	Depreciated replacement cost	• Cost per unit • Useful life of Furniture and fittings

(f) Property, plant and equipment revaluation surplus

	2019 $'000	2018 $'000
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	278,077	217,069
Revaluation Increment		
Land *(refer Note 4.2(b))*	85,166	-
Buildings *(refer Note 4.2(b))*	318,853	61,008
CLOSING BALANCE	**682,096**	**278,077**
Represented by:		
Land	154,752	69,586
Buildings	527,344	208,491
TOTAL	**682,096**	**278,077**

Note 4.3: Depreciation and amortisation

	2019 $'000	2018 $'000
Depreciation		
Buildings	40,548	41,670
Plant and Equipment		
Major Medical	9,132	9,523
Computers and Communications	5,622	5,971
Furniture and Fittings	1,234	2,195
Motor Vehicles	640	566
Leasehold Improvements	532	262
TOTAL DEPRECIATION	**57,708**	**60,187**
Amortisation		
Software	9,362	8,855
TOTAL AMORTISATION	**9,362**	**8,855**
TOTAL DEPRECIATION AND AMORTISATION	**67,070**	**69,042**

Depreciation

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated.

Depreciation begins when the asset is available for use and is generally calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortisation is allocated on a straight-line basis over the asset's useful life.

The following table indicates the range of expected useful lives of non-current assets on which the depreciation charges are based:

	2019	2018
Buildings		
• Structure Shell Building Fabric	11 - 46 years	11 - 46 years
• Site Engineering Services and Central Plant	11 - 46 years	11 - 46 years
Central Plant		
• Fit Out	3 - 21 years	3 - 21 years
• Trunk Reticulated Building Systems	3 - 21 years	3 - 21 years
Plant and Equipment	10 - 20 years	10 - 20 years
Medical Equipment	8 - 15 years	8 - 15 years
Computers and Communications	3 - 10 years	3 - 10 years
Furniture and Fittings	10 years	10 years
Motor Vehicles	5 years	5 years
Intangible Assets	3 years	3 years
Leasehold Improvements	5 years	5 years

As part of the "buildings' valuation/buildings' values" were separated into components, each component was assessed for its useful life which is represented above.

Note 4.4: Intangible assets

	2019 $'000	2018 $'000
Intangibles		
Software	72,785	68,874
Less Accumulated Amortisation	(54,395)	(46,669)
TOTAL WRITTEN DOWN VALUE	**18,390**	**22,205**

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

	SOFTWARE $'000	TOTAL $'000
Balance as at 01 July 2017	**10,707**	**10,707**
Additions	2,861	2,861
Assets Transferred as Capital Contributions	17,492	17,492
Amortisation (Note 4.3)	(8,855)	(8,855)
Balance as at 01 July 2018	**22,205**	**22,205**
Additions	3,057	3,057
Net Transfers Between Classes	2,490	2,490
Amortisation (Note 4.3)	(9,362)	(9,362)
BALANCE AS AT 30 JUNE 2019	**18,390**	**18,390**

Intangible assets represent identifiable computer software.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Eastern Health.

NOTE 5:
OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from Eastern Health's operations.

Structure

5.1: Receivables

5.2: Other liabilities

5.3: Payables

Note 5.1: Receivables

	2019 $'000	2018 $'000
Current		
Contractual		
Inter-Hospital Debtors	238	419
Trade Debtors	11,926	10,628
Patient Fees	14,233	12,000
Accrued Income	656	461
Less Allowance for Impairment Losses of Contractual Receivables		
Trade Debtors	(1,190)	(978)
Patient Fees	(2,891)	(2,074)
TOTAL CONTRACTUAL	**22,972**	**20,456**
Statutory		
GST Receivable	2,545	2,369
Accrued Revenue - Department of Health and Human Services	2,526	4,089
TOTAL STATUTORY	**5,071**	**6,458**
TOTAL CURRENT RECEIVABLES	**28,043**	**26,914**
Non-Current		
Statutory		
Long Service Leave - Department of Health and Human Services	52,196	42,663
TOTAL	**52,196**	**42,663**
TOTAL NON-CURRENT RECEIVABLES	**52,196**	**42,663**
TOTAL RECEIVABLES	**80,239**	**69,577**
(a) Movement in the Allowance for Doubtful Contractual Receivables		
Balance at the beginning of the year	3,052	3,030
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(Decrease) in allowance recognised in net result	1,029	22
BALANCE AT THE END OF THE YEAR	**4,081**	**3,052**

Note 5.1: Receivables *(continued)*

Receivables recognition

Receivables consist of:

- statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, which includes mainly debtors in relation to goods and services.

Contractual receivables that are classified as financial instruments and categorised as 'financial assets at amortised cost'. Statutory receivables are recognised and measured similarly to contractual receivable (except for impairment), but are not classified as financial instruments for disclosure purposes because they do not arise from a contract.

Contractual receivables are recognised initially at fair value and because they are held with the objective of collecting the contractual cash flows, they are subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

Trade debtors are carried at nominal amounts due and are due for settlement within 60 days from the date of recognition.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets.*

Eastern Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas.

Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to Note 7.1(c) Contractual receivables at amortised costs for Eastern Health's contractual impairment losses.

Note 5.2: Other liabilities

	NOTE	2019 $'000	2018 $'000
Current			
Other			
Income in Advance		4,031	5,034
Other Liabilities		41	41
TOTAL		**4,072**	**5,075**
Monies Held in Trust			
Accommodation Deposits (Refundable Entrance Fees)		11,199	8,207
TOTAL OTHER CURRENT LIABILITIES		**15,271**	**13,282**
Total Monies Held in Trust Represented by the Following Assets:			
Investments and Other Financial Assets	4.1	-	8,207
Cash and Cash Equivalents	6.3	11,199	-
TOTAL MONIES HELD IN TRUST		**11,199**	**8,207**

Note 5.3: Payables

	2019 $'000	2018 $'000
Current		
Contractual		
Trade Creditors	29,957	26,645
Accrued Salaries and Wages	33,403	29,368
Accrued Expenses	29,285	25,557
Superannuation	7,885	6,321
TOTAL CONTRACTUAL	**100,530**	**87,891**
Statutory		
Department of Health and Human Services	3,554	60
PAYG Payable	-	3,862
TOTAL STATUTORY	**3,554**	**3,922**
TOTAL CURRENT PAYABLES	**104,084**	**91,813**

Payables consist of:

- contractual payables that are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Eastern Health prior to the end of the financial year that are unpaid; and
- statutory payables that are recognised and measured similarly to contractual payables but are not classified as financial instruments. They are not classified as financial instruments nor included in the category of financial liabilities at amortised cost because they do not arise from contracts.

The normal credit terms for accounts payable are usually Nett 60 days.

Maturity analysis of payables

Refer to Note 7.1(b) for the ageing analysis of payables.

NOTE 6:
HOW WE FINANCE OUR OPERATIONS

This section provides information on the sources of finance utilised by Eastern Health during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the hospital. This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note: 7.1 provides additional, specific financial instrument disclosures.

Structure

Note 6.1: Borrowings

	2019 $'000	2018 $'000
Current		
Australian Dollar Borrowings - TCV Loan	748	701
Australian Dollar Borrowings - DHHS	1,166	1,166
Finance Lease Liability[i]	315	-
TOTAL CURRENT	**2,229**	**1,867**
Non-Current		
Australian Dollar Borrowings - TCV Loan	17,016	11,164
Australian Dollar Borrowings - DHHS	6,865	7,500
Finance Lease Liability[i]	1,596	-
TOTAL NON-CURRENT	**25,477**	**18,664**
TOTAL BORROWINGS	**27,706**	**20,531**

(i) Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Borrowings relate to six loans and a VicFleet finance lease facility used to acquire motor vehicles.

Treasury Corporation Victoria loans

A loan facility of $4.7 million to finance the construction of the car park facility at Maroondah Hospital. As at year end, $1.792 million (2017/18 $2.016 million) was still owed. The loan is repayable over 20 years. The repayments commenced a month after final draw down being 15 December 2005. The interest rate applicable is fixed at 5.8628% pa for the life of the loan.

A loan facility of $1.5 million to finance the construction of the car park facility at the Angliss Hospital. As at year end, $0.233 million (2017/18 $0.394 million) was still owed. The loan is repayable over 14 years. The repayments commenced a month after final draw down being 28 June 2008. The interest rate applicable is fixed at 7.23% pa for the life of the loan.

A loan facility of $11.25 million to finance the construction of the car park facility at the Box Hill Hospital. As at year end $9.138 million (2017/18 $9.455 million) was still owed. The loan is repayable over 23 years. The repayments commenced in 4 March 2011 after final drawdown. The interest rate applicable is fixed at 6.435% pa for the life of the loan.

During the year, a new loan facility of $10.8 million, to finance the construction of a car park facility at the Maroondah Hospital, was negotiated. The car park is currently under construction and, as at 30 June 2019, Eastern Health has utilised $6.6m of the loan facility. As the loan has not yet been fully drawn down, there is no structured loan in place and interest is payable at the daily rate (currently 1.665%). Once fully drawn down, a credit foncier structured loan with the appropriate loan repayment schedule will be put in place.

Note 6.1: Borrowings *(continued)*

Department of Health and Human Services' loans

A loan facility of $2.5 million, for the implementation of a new Payroll rostering system, was received in June 2017. As at year end, a discounted amount of $1.957 million (2017/18 $2.363 million) is still owed. The loan, which is interest free, is repayable over 6 years. Repayments commenced in July 2018.

A loan facility of $7.0 million ($2 million for a Single Billing system and $5 million for working capital) was received in June 2018. As at year end, a discounted amount of $6.075 million (2017/18 $6.303 million) is still owed. The loan, which is interest free, is repayable over 5 years. Repayments commenced in July 2018.

VicFleet finance lease facility

During the year, Eastern Health entered into a finance lease facility with VicFleet (a business unit of the Department of Treasury and Finance) to acquire new motor vehicles. Under the facility, Eastern Health acquired 78 motor vehicles costing $2.085 million. The leases are for three years after which the motor vehicle is handed back or the lease extended. As at year end, $1.911 million was owing. The interest rate applicable to the lease facility is currently 3.26%.

Maturity analysis of borrowings

Refer to Note 7.1(b) for the ageing analysis of borrowings.

Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

Finance lease liabilities

	MINIMUM FUTURE LEASE PAYMENTS		PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Finance Leases				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	372	-	315	-
Later than 1 year and not later than 5 years	1,663	-	1,596	-
MINIMUM LEASE PAYMENTS	**2,035**	**-**	**1,911**	**-**
Less future finance charges	(124)	-	-	-
TOTAL FINANCE LEASE LIABILITY	**1,911**	**-**	**1,911**	**-**
Included in the Financial Statements as:				
Current borrowings finance lease liability			315	-
Non-current borrowings finance lease liability			1,596	-
TOTAL			**1,911**	**-**

The weighted average interest rate implicit in the finance lease is 3.26%.

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee.

All other leases are classified as operating leases, in the manner described in Note 6.4 Commitments for expenditure.

Note 6.1: Borrowings *(continued)*

Borrowings recognition

Loans

All loans are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Eastern Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss' or financial liabilities at 'amortised cost'.

Subsequent to initial recognition, interest bearing loans are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the loan using the effective interest method.

Non-interest bearing loans are measured at 'fair value through profit or loss'.

Finance leases

Finance leases are recognised as liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement.

Note 6.2: Non-cash financing and investing activities

	2019 $'000	2018 $'000
Acquisition of Assets by means of Indirect Contribution by Department of Health and Human Services	54	1,296
Acquisition of Motor Vehicles by means of Finance Leases	2,085	-
TOTAL CURRENT PAYABLES	**2,139**	**1,296**

During the year, Eastern Health entered into a finance lease facility with VicFleet (a business unit of the Department of Treasury and Finance) to acquire new motor vehicles. Under the facility, Eastern Health acquired 78 motor vehicles costing $2.085 million. The leases are for three years after which the motor vehicle is handed back or the lease extended. As at year end, $1.911 million was owing. The interest rate applicable to the lease facility is currently 3.26%.

Note 6.3: Cash and cash equivalents

	2019 $'000	2018 $'000
Cash on Hand	43	40
Cash at Bank	65,191	39,831
Short Term Money Market	797	1,146
TOTAL CASH AND CASH EQUIVALENTS	**66,031**	**41,017**
Represented by:		
Cash for Health Service Operations	54,832	41,017
Cash held in trust (accommodation deposits)	11,199	-
TOTAL CASH AND CASH EQUIVALENTS	**66,031**	**41,017**

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and at bank and deposits at call, which are held for the purpose of meeting short term cash commitments rather than for investment purposes.

For cash flow statement presentation purposes, cash and cash equivalents include monies held in trust which are included as liabilities on the balance sheet.

Note 6.4: Commitments for expenditure

	2019 $'000	2018 $'000
Capital Expenditure Commitments		
Less than 1 year	16,532	14,825
Longer than 1 year but not longer than 5 years	-	4,744
TOTAL CAPITAL EXPENDITURE COMMITMENTS	**16,532**	**19,569**
Operating Expenditure Commitments		
Less than 1 year	165,985	155,606
Longer than 1 year but not longer than 5 years	291,774	397,870
5 years or more	-	6,207
TOTAL OPERATING EXPENDITURE COMMITMENTS	**457,759**	**559,683**
Non-Cancellable Operating Lease Commitments		
Less than 1 year	4,197	8,697
Longer than 1 year but not longer than 5 years	9,137	19,392
5 years or more	3,981	6,293
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS	**17,315**	**34,382**
TOTAL COMMITMENTS FOR EXPENDITURE (inclusive of GST)	**491,606**	**613,634**
Less GST recoverable from the Australian Tax Office	(44,692)	(55,785)
TOTAL BORROWINGS	**446,914**	**557,849**

Future finance lease payments are recognised on the balance sheet, *refer to Note 6.1 Borrowings.*

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value are not recognised and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Eastern Health has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of Eastern Health to purchase these assets. These leases have an average life of between 1 and 10 years with renewal terms included in the contracts. Renewals are at the option of Eastern Health. There are no restrictions placed upon the lessee by entering into these leases.

NOTE 7:
RISKS, CONTINGENCIES AND VALUATION UNCERTAINTIES

Eastern Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Eastern Health is related mainly to fair value determination.

Structure

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Eastern Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

(a) Financial instruments: categorisation

2019	NOTE	FINANCIAL ASSETS AT AMORTISED COST $'000	FINANCIAL LIABILITIES AT AMORTISED COST $'000	TOTAL $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.3	66,031	-	66,031
Contractual Receivables	5.1	22,972	-	22,972
TOTAL FINANCIAL ASSETS		**89,003**	**-**	**89,003**
Contractual Financial Assets				
Payables	5.3	-	100,530	100,530
Interest Bearing Liabilities	6.1	-	27,706	27,706
Other Liabilities	5.2	-	11,240	11,240
TOTAL FINANCIAL LIABILITIES		**-**	**139,476**	**139,476**

Note 7.1: Financial instruments *(continued)*

(a) Financial instruments: categorisation

2018	NOTE	CONTRACTUAL FINANCIAL ASSETS - LOANS AND RECEIVABLES $'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST $'000	TOTAL $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.3	41,017	-	41,017
Contractual Receivables	5.1	20,456	-	20,456
Other Financial Assets	4.1	8,207	-	8,207
TOTAL FINANCIAL ASSETS		**69,680**	**-**	**69,680**
Financial Liabilities				
Payables	5.3	-	87,891	87,891
Interest Bearing Liabilities	6.1	-	20,531	20,531
Other Liabilities	5.2	-	8,248	8,248
TOTAL FINANCIAL LIABILITIES		**-**	**116,670**	**116,670**

The above amounts excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

Categories of financial assets

(a) Financial Assets at Amortised Cost

Financial assets at amortised cost are financial instrument assets within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, financial assets are measured at amortised cost less any impairment.

Financial assets at amortised cost category includes cash and deposits, term deposits with maturity greater than three months, trade receivable and other receivables, but not statutory receivables.

(b) Financial Liabilities at Amortised Cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Comprehensive Operating Statement over the period of the interest-bearing liability.

Financial instrument liabilities measured at amortised cost include all of Eastern Health's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through the Comprehensive Operating Statement.

Note 7.1: Financial instruments *(continued)*

(b) Payables and borrowings maturity analysis

The following table discloses the contractual maturity analysis for Eastern Health's financial liabilities.
For interest rates applicable to each class of liability, refer to individual notes to the financial statements.

2019	CARRYING AMOUNT $'000	NOMINAL AMOUNT $'000	MATURITY DATES				
			LESS THAN 1 MONTH $'000	1 - 3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	1 - 5 YEARS $'000	OVER 5 YEARS $'000
Financial Liabilities							
At Amortised Cost							
Payables	100,530	100,530	88,125	9,073	3,332	-	-
Borrowings	27,706	28,008	185	372	1,672	9,515	15,962
Other Financial Liabilities (i)							
Accommodation Bonds	11,199	11,199	11,199	-	-	-	-
Other Liabilities	41	41	-	-	41	-	-
TOTAL FINANCIAL LIABILITIES	**139,476**	**139,778**	**99,509**	**9,445**	**5,045**	**9,515**	**15,962**

2018	CARRYING AMOUNT $'000	NOMINAL AMOUNT $'000	MATURITY DATES				
			LESS THAN 1 MONTH $'000	1 - 3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	1 - 5 YEARS $'000	OVER 5 YEARS $'000
Financial Liabilities							
At Amortised Cost							
Payables	87,891	87,891	76,487	8,220	3,184	-	-
Borrowings	20,531	21,364	156	311	1,400	10,263	8,401
Other Financial Liabilities (i)							
Accommodation Bonds	8,207	8,207	8,207	-	-	-	-
Other Liabilities	41	41	-	-	-	41	-
TOTAL FINANCIAL LIABILITIES	**116,670**	**117,503**	**84,850**	**8,531**	**4,584**	**10,304**	**8,401**

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e GST payable).

Note 7.1: Financial instruments *(continued)*

(c) Contractual receivables at amortised cost

30 JUNE 2019	CURRENT	LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
Expected loss rate	0%	0%	16%	54%	93%	
Gross carrying amount of contractual receivables ($'000)	10,862	6,008	4,997	3,923	1,263	27,053
LOSS ALLOWANCE	**-**	**-**	**781**	**2,131**	**1,169**	**4,081**

30 JUNE 2018	CURRENT	LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
Expected loss rate	0%	0%	15%	50%	75%	
Gross carrying amount of contractual receivables ($'000)	10,750	4,331	4,110	3,153	1,164	23,508
LOSS ALLOWANCE	**-**	**-**	**602**	**1,577**	**873**	**3,052**

Reconciliation of the movement in the loss allowance for contractual receivables:

	2019 $'000	2018 $'000
LOSS ALLOWANCE AT BEGINNING OF THE YEAR	**3,052**	**3,030**
Increase in provision recognised in the net result	1,029	22
LOSS ALLOWANCE AT END OF THE YEAR	**4,081**	**3,052**

Note 7.2: Contingent assets and contingent liabilities

Eastern Health has no quantifiable or non-quantifiable contingent assets or liabilities to report as at 30 June 2019 (2017-18 - Nil).

NOTE 8:
OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

Note 8.1: Reconciliation of net result for the year to net cash flow from operating activities

	2019 $'000	2018 $'000
Net Result For The Period	**(61,432)**	**(13,201)**
Non-Cash Movements		
Depreciation and Amortisation	67,070	69,042
Capital Grant - Indirect Contribution by Department of Health and Human Services	(54)	(1,296)
Grant - Indirect Contribution by Department of Health and Human Services	(9,533)	(7,216)
Discount Interest Expense / (Revenue) on Financial Instrument	531	(648)
Movements Included in Investing and Financing Activities		
Net (Gain)/Loss From Disposal of Non Financial Physical Assets	1,773	(36)
Movements in Assets and Liabilities		
Change in Operating Assets and Liabilities		
(Increase) / Decrease in Receivables	(1,129)	4,154
(Increase) / Decrease in Prepayments	(510)	(482)
(Increase) / Decrease in Inventories	(226)	(169)
Increase / (Decrease) in Other Liabilities	(1,003)	4,014
Increase / (Decrease) in Payables	12,271	8,591
Increase / (Decrease) in Employee Benefits	36,233	15,248
NET CASH INFLOW FROM OPERATING ACTIVITIES	**43,991**	**78,001**

Note 8.2: Responsible persons' disclosures

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994,* the following disclosures are made regarding responsible persons for the reporting period.

	PERIOD
Responsible Ministers	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	1/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	1/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	1/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2019
Governing Boards	
Dr Joanna Flynn AM (appointment expired 30/6/2019)	1/7/2018 - 30/06/2019
Hon Fran Bailey	1/7/2018 - 30/06/2019
Professor Andrew Conway	1/8/2018 - 30/06/2019
Dr Peter Dohrmann	1/7/2018 - 30/06/2019
Ms Jill Linklater	1/7/2018 - 30/06/2019
Mr Tass Mousaferiadis	1/7/2018 - 30/06/2019
Ms Felicity Pantelidis (resigned 30/6/2019)	1/7/2018 - 30/06/2019
Mr Andrew Saunders	1/7/2018 - 30/06/2019
Ms Joanna Walker	1/7/2018 - 30/06/2019
Accountable Officer	
Adjunct Professor David Plunkett	1/7/2018 - 30/6/2019

Remuneration of responsible persons

The number of Responsible persons are shown in their relevant income bands. The total remuneration of Responsible Persons includes superannuation and bonuses.

	NO. OF DIRECTORS AND ACCOUNTABLE OFFICER	
	2019	2018
Income Bands		
$30,001 - $40,000	8	8
$70,001 - $80,000	1	1
$420,001 - $430,000	-	1
$450,001 - $460,000	1	-
TOTAL RESPONSIBLE PERSONS	**10**	**10**
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH:	**$848,970**	**$797,150**

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial report.

Note 8.3: Remuneration of executives

Executive officers' remuneration

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table under the different remuneration categories. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

	2019	2018
Remuneration		
Short-Term Benefits	$2,279,654	$2,145,051
Other Long-Term Benefits	$49,782	$70,932
Post-Employment Benefits	$195,612	$222,611
TOTAL REMUNERATION	**$2,525,048**	**$2,438,594**
TOTAL NUMBER OF EXECUTIVES[i]	**8**	**8**
TOTAL ANNUALISED EMPLOYEE EQUIVALENT[ii]	**8**	**8**

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Eastern Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

(ii) Annualised employee equivalent is based on working 38 hours per week over the reporting period.

Remuneration for Executive Officers and the Accountable Officer is determined in accordance with the Victorian Public Health Sector Executive Remuneration Policy.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term employee benefits

Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

Long service leave, other long-service benefit or deferred compensation.

Note 8.4: Related parties

Eastern Health is a wholly owned and controlled entity of the State of Victoria. Related parties of Eastern Health include:

- all key management personnel (KMP) and their close family members;
- cabinet ministers (where applicable) and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Eastern Health, directly or indirectly.

The Board of Directors, Chief Executive Officer and the Executive Officers of Eastern Health are deemed to be KMPs.

Note 8.4: Related parties *(continued)*

The key management personnel of Eastern Health:

NAME	POSITION	PERIOD
Dr Joanna Flynn AM	Chair of the Board	Full Year
Hon Fran Bailey	Board member	Full Year
Professor Andrew Conway	Board member	From 1 August 2018
Dr Peter Dohrmann	Board member	Full Year
Ms Jill Linklater	Board member	Full Year
Mr Tass Mousaferiadis	Board member	Full Year
Ms Felicity Pantelidis	Board member	Full Year
Mr Andrew Saunders	Board member	Full Year
Ms Joanna Walker	Board member	Full Year
Adjunct Professor David Plunkett	Chief Executive	Full Year
Mr Geoff Cutter	Executive Director Finance, Procurement and Corporate Services	From 20 May 2019
Mr Craig Trenfield	Executive Director Finance, Procurement and Corporate Services	From 1 Feb 2019 to 19 May 2019
Mr Peter Hutchinson	Executive Director Finance, Procurement and Corporate Services	From 1 July 2018 to 31 January 2019
Mr Zoltan Kokai	Executive Director Information, Technology and Capital Projects	Full Year
Ms Karen Fox	Executive Director Clinical Operations (SWMMS)	Full Year
Ms Katherine MacHutchison	Executive Director People and Culture	Full Year
Ms Gayle Smith	Executive Director Quality, Planning and Innovation, Chief Allied Health Officer	Full Year
Ms Shannon Wight	Executive Director Clinical Operations (ASPPPA)	From 11 February 2019
Mr John Ferraro	Executive Director Clinical Operations (ASPPPA)	From 1 July 2018 to 10 February 2019
Dr Alison Dwyer	Executive Director Research and Chief Medical Officer	From 18 February 2019
Dr Jeff Kirwan	Executive Director Research and Chief Medical Officer	From 27 July 2018 to 17 February 2019
Dr Colin Feekery	Executive Director Research and Chief Medical Officer	From 1 July 2018 to 26 July 2018
Ms Phillipa Blencowe	Executive Director Learning and Teaching, Chief Nursing and Midwifery Officer	From 6 June 2019
Ms Kathryn Riddell	Executive Director Learning and Teaching, Chief Nursing and Midwifery Officer	From 1 July 2018 to 5 June 2019

Note 8.4: Related parties *(continued)*

All related party transactions have been entered into on an arm's length basis.

The compensation detailed below is reported in $'000 and excludes the salaries and benefits the Portfolio Ministers receive. The Ministers' remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968,* and is reported within the Department of Parliamentary Services' Financial Report.

	2019 $'000	2018 $'000
Compensation		
Short-Term Employee Benefits	3,059	2,864
Post-Employment Benefits	251	287
Other Long-Term Benefits	64	85
TOTAL COMPENSATION	**3,374**	**3,236**

Significant Transactions with Government Related Entities

Eastern Health received or has receivable funding from the Department of Health and Human Services of $921 million (2018 $883 million) and the Eastern Health receivable funding for Long Service Leave is $52 million (2018 $43 million).

Expenses incurred by Eastern Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by Victorian Health Service providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require Eastern Health to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with KMPs and Other Related Parties

Given the breadth and depth of State government activities, related parties transact with Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges.

Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Eastern Health, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for Eastern Health Board of Directors, Chief Executive Officer and Executive Directors in 2019.

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scare resources.

Note 8.5: Remuneration of auditors

Auditor's fees paid or payable to the Victorian Auditor-General's Office for audit of Eastern Health's financial statements.

	2019 $'000	2018 $'000
Audit Fees Paid or Payable to the Victorian Auditor-General's Office for the audit of Eastern Health's Financial Statements	126	123
TOTAL PAID OR PAYABLE	**126**	**123**

Note 8.6: AASBs issued that are not effective yet

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting period.

DTF assesses the impact of these new standards and advises Health Services of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Eastern Health has not and does not intend to adopt these standards early.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1 January 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. Eastern Health has performed an overall assessment of AASB 15 and AASB 1058. The potential impact for each major class of revenue and income in the initial year of application (2019/20) has been estimated as follows: • Capital Income will decrease with an increase in Income in Advance on balance sheet ($19.42m).

Note 8.6: AASBs issued that are not effective yet *(continued)*

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1 January 2019	AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: • Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058; • IP licenses to be accounted for under AASB 15; and • Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 January 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: **AASB 9** • Statutory receivables are recognised and measured similarly to financial assets. **AASB 15** • The 'customer' does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.

Note 8.6: AASBs issued that are not effective yet *(continued)*

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. Eastern Health has performed an impact assessment of AASB 16 and the potential impact in the initial year of application (2019/20) has been estimated as follows: • Increase in Right of Use Assets ($23.69m) • Increase in Depreciation Charge ($1.48m) • Increase in Lease Liability ($23.69m) • Increase in Interest Expense ($0.13m) • Decrease in Lease Rental Expense ($3.81m)

Note 8.6: AASBs issued that are not effective yet *(continued)*

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 January 2019	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 January 2019	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. Eastern Health has performed an overall assessment of AASB 15 and AASB 1058. The potential impact for each major class of revenue and income in the initial year of application (2019/20) has been estimated as follows: • Capital Income will decrease with an increase in Income in Advance on balance sheet ($19.42m).

Note 8.6: AASBs issued that are not effective yet *(continued)*

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 17 Insurance Contracts	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.

Note 8.6: AASBs issued that are not effective yet *(continued)*

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS

AASB 1059 Service Concession Arrangements: Grantor	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction.
	
	An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.
		1 January 2020
		
		(The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)
			For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:
			• Operator is providing public services using a service concession asset;
			• Operator manages at 'least some' of public services under its own discretion;
			• The State controls / regulates:
			  • what services are to be provided;
			  • to whom; and
			  • at what price
			• State controls any significant residual interest in the asset.
			
			If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018-19 reporting period *(as listed below).*

In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2017-1
  Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-4
  Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6
  Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7
  Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1
  Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2
  Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement
- AASB 2018-3
  Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-6
  Amendments to Australian Accounting Standards – Definition of a Business

Note 8.7: Events occurring after the balance sheet date

Mr Tass Mousaferiadis was appointed Chair of the Eastern Health Board of Directors effective 1 July 2019. He succeeds Dr Joanna Flynn AM whose appointment as Chair expired on 30 June 2019.

Ms Felicity Pantelidis resigned from the Board with effect from 30 June 2019.

Ms Anna Lee Cribb and Dr Bob Mitchell were appointed to the Eastern Health Board effective 1 July 2019.

No other events occurred after the Balance Sheet date.

Note 8.8: Economic dependency

Eastern Health is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity.

At the date of this report, the Department of Health and Human Services has provided confirmation that it will continue to provide Eastern Health with adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2020.

The financial statements have been prepared on a going concern basis. The State Government and the Department of Health and Human Services have confirmed financial support to settle Eastern Health's financial obligations when they fall due.

Note 8.9: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from

(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and

(b) the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex-gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual or statutory right:

- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Note 8.9: Glossary of terms and style conventions *(continued)*

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

(a) A contractual obligation:

(i) to deliver cash or another financial asset to another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

(b) A contract that will or may be settled in the entity's own equity instruments and is:

(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of own equity instruments.

Financial statements

A complete set of financial statements comprises:

(a) balance sheet as at the end of the period;

(b) comprehensive operating statement for the period;

(c) a statement of changes in equity for the period;

(d) cash flow statement for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information;

(f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and

(g) a statement of financial position at the beginning of the preceding period when an entity applies an accounting policyretrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value.

For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Note 8.9: Glossary of terms and style conventions *(continued)*

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the startup costs associated with capital projects).

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx.x) negative numbers
- 201x year period
- 201x-1x year period

GLOSSARY, INDEX AND CONTACTS

Liang Qu is an Eastern Health-based medical student, pictured in the research lab at Box Hill.

GLOSSARY

ACHS	Australian Council on Healthcare Standards
Acute episode	A rapid onset and/or short course of illness
Acute hospital	Short-term medical and/or surgical treatment and care facility
Agpar score	A measure of the physical condition of a newborn baby
Allied health	Allied health professionals provide clinical healthcare, such as audiology, psychology, nutrition and dietetics, occupational therapy, orthotics and prosthetics, physical therapies including physiotherapy; speech pathology and social work
Ambulatory care	Care given to a person who is not confined to a hospital/requiring hospital admission but rather is ambulatory and literally able to "ambulate" or walk around
BAU	Business as usual
CCTV	Closed circuit television
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DHHS	Department of Health and Human Services
Discharge	Discharge is the point at which a patient leaves the health service and either returns home or is transferred to another facility, such as a nursing home
DRG	Diagnosis Related Group
DVA	Department of Veterans' Affairs
Chronic condition	An illness of at least six months' duration that can have a significant impact on a person's life and requires ongoing supervision by a healthcare professional
Eastern@Home	Service that provides care in the comfort of a patient's home or other suitable location. Clients are still regarded as hospital inpatients and remain under the care of a hospital clinician. Care may be provided by nurses, doctors or allied health professionals.
Elective surgery	Hospitals use urgency categories to schedule surgery to ensure patients with the greatest clinical need are treated first. Each patient's clinical urgency is determined by their treating specialist. Three urgency categories are used throughout Australia: **Urgent:** Admission within 30 days or condition(s) has the potential to deteriorate quickly to the point it may become an emergency. **Semi-urgent:** Admission within 90 days. The person's condition causes some pain, dysfunction or disability. It is unlikely to deteriorate quickly/unlikely to become an emergency. **Non-urgent:** Admission some time in the future (within 365 days). The person's condition causes minimal or no pain, dysfunction or disability. It is unlikely to deteriorate quickly/unlikely to become an emergency.
Emergency triage	There are five defined triage categories, determined by the Australasian College of Emergency Medicine, with the desirable time when treatment should commence for patients in each category who present to an emergency department: **Category 1:** Resuscitation; seen immediately **Category 2:** Emergency; seen within 10 minutes **Category 3:** Urgent; seen within 30 minutes **Category 4:** Semi-urgent; seen within one hour **Category 5:** Non-urgent; seen within two hours
Emission	Output or discharge, as in the introduction of chemicals or particles into the atmosphere
EMR	Electronic Medical Record
EQuIP National Standards	Four-year accreditation program for health services that ensures a continuing focus on quality across the whole organisation
Every Minute Matters	This is the name given to a program of improvement initiatives
FOI	Freedom of information
FTE	Full-time equivalent

Gap analysis	Method of assessing the differences in performance to determine whether requirements are being met and if not, what steps should be taken to ensure they are met
GEM	Geriatric evaluation and management
GJ	Gigajoule
GST	Goods and services tax
ICT	Information and communication technology
ICU	Intensive care unit
Inpatient	A patient whose treatment needs at least one night's admission in an acute or sub-acute hospital setting
$KgCO^2e$	Equivalent kilograms of carbon dioxide
kL	Kilolitre
LGBTI	Lesbian, gay, bisexual, transgender and intersex
m^2	Square metres
MRI	Magnetic resonance imaging
MWh	Megawatt hour
NDIS	National Disability Insurance Scheme
NAATI	National Accreditation Authority for Translators and Interpreters
NSQHS Standards	National Safety and Quality Health Service Standards
OBD	Occupied bed day
Occasions of service	Hospital contact for an outpatient, either through an on-site clinic or home visit
OHS	Occupational health and safety
Outlier	A hospital that has a statistically significantly higher infection rate for a particular surgical procedure group compared to the VICNISS five-year aggregate for that procedure (includes all contributing hospitals in Victoria). Testing for statistical significance is performed each quarter but is based on data from the most recent two quarters (six months).
Outpatient	A person who is not hospitalised overnight but who may visit a hospital, clinic or associated facility, or may be visited in the home by a clinician for diagnosis, ongoing care or treatment
OVA	Occupational violence and aggression
Residential in-reach	Service that provides an alternative to emergency department presentations for clients in residential aged care facilities. It aims to support clients and staff to manage acute health issues when general practitioners or locums are unavailable.
SAB	Staphylococcus aureus bacteraemia
SAFE	Safe, Aggression Free Environment
Seclusion event	This is the sole confinement of a person to a room or other enclosed space from which it is not within the control of the person confined to leave
Separations	Discharge from an outpatient service
Sub-acute illness	A condition that rates between an acute and chronic illness
Stakeholder	Any person, group or organisation that can lay claim to an organisation's attention, resources or output, or is affected by that output
TAC	Traffic Accident Commission
Terms of reference	Describes the purpose and structure of a committee, or any similar collection of people, who have agreed to work together to accomplish a shared goal
VAGO	Victorian Auditor-General's Office
VICNISS	Victorian Healthcare Associated Infection Surveillance System. The "N" stands for a word derived from Greek "nosocomial" meaning "originating in a hospital".
WIES	Hospitals are paid based on the numbers and types of patients they treat – the Victorian health system defines a hospital's admitted patient workload in terms of WIES (weighted inlier equivalent separations)
YTD	Year to date

INDEX

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FEEDBACK

Eastern Health values feedback and uses it to continuously improve the services we provide.

There are a number of ways to provide your feedback:

Fill in our online feedback form at www.easternhealth.org.au

Contact one of our Patient Relations Advisers on 1800 327 837. Patient Relations Advisers are available Monday to Friday from 9am to 5pm

Send an email to feedback@easternhealth.org.au

Write to us at:
The Centre for Patient Experience
Wantirna Health
251 Mountain Highway
Wantirna South, Victoria 3152

Via the Patient Opinion website at www.patientopinion.org.au

PUBLICATIONS

All of Eastern Health's publications are available electronically via our website at www.easternhealth.org.au

easternhealth Foundation

EASTERN HEALTH FOUNDATION

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Eastern Health received its fourth consecutive **GOLD AWARD** for its Annual Report at the 2019 Australasian Reporting Awards (ARA). Primarily a benchmarking activity, the awards recognise organisations that are able to satisfy the ARA criteria after a comprehensive review by an expert panel of accounting, legal and communications professionals.

To receive a Gold Award, the report must "demonstrate overall excellence in annual reporting and provide high-quality coverage of most aspects of the ARA criteria; full disclosure of key aspects of the core business and outstanding disclosures in major areas. A report that achieves a Gold Award is a model for other organisations to follow".

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DYNAMIC CREATIONS


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